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13 SEPTEMBER 1990



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# ***JPRS Report***

## **East Asia**

***Southeast Asia***

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# East Asia Southeast Asia

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## COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

### Resistance Selling Weapons To Burma Rebels

90SE0083B Bangkok *THE NATION* in English  
6 Jul 90 p 5

[Text] Most of the war weapons seized along the Thai-Cambodian border were destined for the country's western and northern provinces bordering Burma, where ethnic rebels are fighting the Burmese Government, an area military commander said.

Maj Gen Chettha Thanacharo, commander of the Suranaree Force, said the majority of weapons smuggled in from Cambodia are sent to provinces such as Kanchanaburi, Mae Hong Son, Chiang Mai and Chiang Rai.

Cambodian resistance guerrillas sell the weapons to Thai border villagers who in turn sell the weapons to arms dealers. The weapons are then supplied to ethnic Burmese rebels, said the commander whose force is in charge of security in the lower Northeast.

Weapons most commonly smuggled in from Cambodia include assault rifles, hand grenades and anti-tank rockets.

The Suranaree Force has carried out 10 major raids and seized a large number of automatic rifles, ammunition and explosives since the beginning of this year, he said.

The commander also urged police and local administrators to help his unit crack down on war weapons smuggling.

## STATE OF CAMBODIA

### Sources Discuss Thai Border Trade Regulations

90SE0113A Bangkok *DAO SIAM* in Thai  
24 Jul 90 pp 1, 7

[Excerpt] [passage omitted] On 19 July 1990, a senior news in the Phnom Penh government said that the ministers of administration, economics, and defense had convened an urgent meeting with the commanders of the 891st, 892d, 893d, and A3 battalions, which are responsible for Highway 5 from Poipet to Sisophon in Banteay Meanchey Province, which is located to the east of Aranyaprathet District in Prachinburi Province [Thailand].

The important topic of this meeting, which was held in Sisophon District, was allowing free trade with Thailand at three points: 1. opposite Ban Khok Sabaeng, 2. Ban Wang Mon, and 3. Ban Tha Kham in Aranyaprathet District. They considered allowing free trade only in the Highway 5 area, because the area north of Highway 5 is under the influence of Son Sann troops and the area to the south is under the influence of the Khmer Rouge. It is feared that Cambodians who come to trade might come under attack.

Armed troops will be forbidden from entering the trading zone, because it is feared that the Thais who come to buy goods would have a negative image. Soldiers will be forbidden from collecting taxes from those who come to sell goods, because these people are bringing money into the country. If anyone is caught doing this, they could be executed. Those concerned should contact Thai officials. Secret government agents dressed in civilian clothes and who can speak the Thai language will be sent into Thailand to prevent people from fleeing into Thailand illegally or committing other crimes.

Those concerned must contact Thai officials and work with them in monitoring things. Thai merchants who buy expensive items, such as old chinaware, religious images, and weapons, often have Cambodian soldiers escort them to Thailand. These soldiers then create problems abroad. If officials learn of this, legal action will be taken against the Cambodians.

This free trade will be carried on on a people-to-people basis. There will be no direct trade between Poipet and Khlong Luk. Because if trade were allowed there, the Thais would organize themselves in the form of a cooperative. Such trade would require the use of large sums of money, and large quantities of goods would be brought in. If an opposition Cambodian faction launched an attack, goods would be lost and trade would be hurt. Thus, this must be carried on on a small-scale basis by the people until the situation in the country becomes more peaceful.

In the three areas where trade will be allowed, people have begun clearing the forest, laying claymore mines, and destroying the old mines. The sound of mines exploding has been heard for more than a week now. The Thais should be informed that there is no fighting going on. People are just destroying the old mines in order to build new roads. In conclusion, the news source said that this meeting was just the beginning. On 22 July, a meeting was held in Phnom Penh. The people will be informed of this by the end of July. A group of ministers will travel to Bangkok in order to coordinate things. [passage omitted]

### Chea Sim's Role in Government, Associates Discussed

90SE0084B Bangkok *BANGKOK POST* in English  
11 Jul 90 p 4

[Text] Phnom Penh (Reuter)—The small, energetic figure of Chea Sim does not appear in the carpeted halls of international conferences struggling to end the bloodshed in Cambodia.

But diplomats say Chea Sim, 58, has established himself as the political cornerstone of the embattled government in Phnom Penh as it fights Khmer Rouge guerrillas for the right to rule.

They said the hand of Chea Sim, formally number two in the ruling Communist Party and chairman of the

National Assembly, was evident, and probably strengthened, in manoeuvring in the capital in the last month.

It ended in charges of a coup attempt and the detention of at least one minister and several officials close to Prime Minister Hun Sen, who is nearly 20 years Chea Sim's junior and the government's best-known figure abroad.

Cambodian sources and diplomats said the officials were arrested for trying to form a new political party.

The Phnom Penh administration is under enormous pressure. After losing the backing of Vietnamese troops last September, it has failed to break its isolation by the West and support from the Soviet Union is waning.

No Western government gives direct aid to Phnom Penh despite the devastation wreaked on the country by the 1975-79 radical Khmer Rouge government led by Pol Pot.

Khmer Rouge guerrillas, the strongest fighting force in a three-faction anti-government coalition, are now pushing closer to the cities.

Official accounts of Chea Sim's life say he was born in Svey Rieng Province bordering Vietnam and cut his revolutionary teeth on the armed struggle against the French colonial power, joining the jungle fighters in 1952 at the age of 20.

He later served the Khmer Rouge but joined Hun Sen and others in abandoning the radical movement and escaping to Vietnam as Cambodia suffered its most ferocious internal purges in the death throes of Pol Pot's rule.

Chea Sim was a member of the Vietnamese-backed group that came in on the heels of Vietnam's 1978 invasion to clear up the wreckage left by Pol Pot. He solidified his political base when serving as interior minister during the early 1980s.

While many Cambodians describe Chea Sim as a hard-line communist politician, he is not generally seen as pro-Vietnamese among the people under Phnom Penh administration, for whom mistrust of the Vietnamese is only matched by their hatred of the Khmer Rouge.

Political analysts say Chea Sim represents old guard communist thinking, suspicious of too much liberalisation, devoted to traditionally Asian strong central control. He is a staunch nationalist and a man who has identified himself with the preservation of Buddhist traditions.

Within the ruling Kampuchean People's Revolutionary Party (KPRP), Cambodian sources say he wields far greater power than General Secretary Heng Samrin, whom diplomats describe as "no more than a figure-head."

It is not believed that he opposed the liberalising of economic and social life that brought a new vigour to the slum-like streets of Phnom Penh.

Reports filtering through the wall of secrecy surrounding the government indicate recent personnel changes would have favoured the wily political manoeuvrer.

They indicated Chea Sim had brought alternate politburo member Sar Keang, thought to be a close associate, in to replace the moderate Mem San Am, the most senior woman in the hierarchy, as president of the party's organising committee.

The same reports said Ros Chhun, who worked with Chea Sim at the United Front, was being named to replace Transport Minister Ung Phan, who was sacked and accused of plotting a coup in May.

Chea Sim is chairman and Ros Chhun is secretary-general of the United Front, a political umbrella organisation controlled by the ruling party.

The Interior Minister, Sin Song, is also said to be close to Chea Sim, a vital link given the increasing role of the ministry's paramilitary police force, known as the Combat Police, in direct fighting against the guerrillas.

While Chea Sim has had none of the international publicity of Hun Sen, who is also foreign minister and Phnom Penh's main peace negotiator, he maintains a high profile within Cambodia.

Chea Sim has paid particularly close attention to the revival of Buddhist traditions, which were nearly wiped out by the Khmer Rouge and restricted by the government until last year.

#### **Bank Official Comments on Currency Policy, Modernization**

*90SE0112A Bangkok BANGKOK POST in English  
2 Jul 90 p 22*

[Excerpt] Phnom Penh (AFP)—Cambodian banking officials are hoping that planned legislation covering foreign exchange transactions will help put the lid on soaring inflation.

The law covering currency and specie, if passed during a meeting expected next month of the national assembly, will give the national bank sole right to handle foreign exchange transactions and fix rates, a senior official of the bank said.

The official dollar exchange rate has been 380 riels to the greenback since June 20 compared to 360 in April and 260 in January, said Kang Y, vice-president of the national bank.

On the free market the U.S. unit was changing hands Friday for 470 riels, against about 385 in April.

The effects of the depreciation are apparent in rising free market prices in a country where a mid-ranking civil

servant gets about 1,500 riels a month for a family that on average needs 20,000 riels a month to survive.

Unofficial sources have reported growing absenteeism by civil servants who must do more than one job to make ends meet.

Mr Kang Y identified private export and import business as the main cause of the upward spiral.

He said there was much export-import business that bypassed the National Bank and consumer goods coming into Cambodia were being paid for in dollars.

In addition, traders were selling dollars away from state control on the free market.

The government, which began liberalising the socialist economy last year, currently lacks legislation to control the free trade in exchange.

But under the draft law for managing foreign currency, and gold and silver, "all exchange of foreign currency must go through the National Bank," Mr Kang Y said.

All import and export traders would be required to apply for permission from the bank when carrying out business.

As a means of controlling foreign exchange dealings in the free market, shopkeepers who buy and sell currency will have to contact the bank before increasing or decreasing their rates, the official added.

The law will be enforced with the help of ministries, economic police and municipal and provincial authorities.

A figure for Cambodia's foreign exchange reserves was not available, nor was the inflation rate.

Cambodia's National Bank is to streamline and improve its operation with the help of computers sent from the U.S. and Thailand, a senior official said.

The bank, which also handles many of the tasks of the State Treasury, will enter the computer age in early 1991. National Bank vice-president Kang Y said.

Six members of the bank staff are currently receiving computer training in Hanoi and Ho Chi Minh City in Vietnam.

One computer has been donated by the U.S.-based Khmer Amatak (Immortal) Association headed by a former premier, Im Tam who visited Cambodia last year.

The Siam Commercial Bank of Thailand has donated a further four computers, Mr Kang Y said, adding that the help of foreign experts would be sought to install the machinery in the bank headquarters.

The computers would come on line early next year when the staff in Vietnam had finished their courses and the bank building here had been reorganised.

The new technology would allow for staff cuts and improve bank operations. [Passage omitted]

#### **Aid Distribution of Kompong Chhnang Red Cross**

*BK2408064490 Phnom Penh Domestic Service  
in Cambodian 0430 GMT 23 Aug 90*

[Text] During the past seven months, the Red Cross of Kompong Chhnang Province distributed food, clothing, and kitchen utensils, which are aid from various international organizations, to needy people in three districts, namely Samakki Meanchey, Toek Phos, and Kompong Leng Districts. This aid includes 245 metric tons of rice, 250 bundles of clothing, and 900 parcels of kitchen utensils.

The provincial Red Cross team distributed this aid to the poor and needy people in outlying localities, victims of natural disasters, refugees from the camps along the Cambodian-Thai border, and especially to families of frontline combatants.

#### **Rice Aid Distributed in Kampot Province**

*BK1807065590 Phnom Penh Domestic Service  
in Cambodian 0430 GMT 18 Jul 90*

[Text] Authorities in Kampot Province recently received 50 tonnes of rice, relief aid from the WFP [World Food Program], for distribution to needy people in Chhuk and Angkor Chey Districts. The Cambodian Red Cross distributed 25 tonnes of rice directly to 700 needy families in Lbaeuk and Trapeang Bei communes in Chhuk District. Another 25 tonnes of rice were distributed to 700 needy families in Angkor Chey District.

**Military Cooperation With France**

WA2008035590

[Editorial Report] The Jakarta newspaper ANGKATAN BERSENJATA reported on 14 July that since French-Indonesian military cooperation began in the 1960s, the Indonesian land forces have acquired 95 AMX-13 tanks, as well as mortars and anti-tank rocket launchers. The Indonesian Air Force has purchased Transall planes, helicopters, and radars for air surveillance, while the Marine Corps has acquired Exocet missiles and AMX-10 armored vehicles.

Through a licensing agreement with Aerospatiale, the Indonesian Aircraft Manufacturing Company (IPTN) has produced Super Puma helicopters. Since 1982 the French Ministry of Defense and the Indonesian government have been working on developing and equipping the Science and Technology Research Center in Sertpong, West Java, and have cooperated on the establishment of a propulsion and engine thermodynamic laboratory.

The French-Indonesian working committee, formed under the 1985 defense system cooperation, meets annually to discuss arms manufacturing and purchases. France has also offered high-level military training programs to a select number of Indonesian military officers.

**Ministers Discuss Conglomerates, Renewed PRC Ties**90SE0111C Jakarta KOMPAS in Indonesian  
26 Jul 90 p 1

[Text] Jakarta (KOMPAS)—Minister of Defense and Security L.B. Murdani feels almost sure that issues regarding conglomerates, which recently have become very popular, are actually related to ethical questions. Large economic forces are much needed, not only for enhancing growth, but also for enabling us to compete internationally.

He said this in his remarks at a dinner held on Wednesday night [25 July] at the Sahid Jaya Hotel in Jakarta to commemorate the 10th anniversary of the Prasetya Mulya Foundation. The foundation was established on 19 May 1980 by a number of leading businessmen, as explained by William Soeryadjaya, one of its founders.

Minister of Home Affairs Rudini said in his lecture on Wednesday morning during a 1-day Prasetya Mulya Seminar that the restoration of diplomatic ties with the PRC, for which an agreement is to be signed on 8 August, has no connection with Indonesian unity and integrity. He acknowledged, nevertheless, that normalization of diplomatic relations, which have been frozen for 23 years, will have an impact on the questions that are raised about such unity and integrity.

Rudini was substituting for Minister of State and State Secretary Murdiono, who was unable to attend because

of unexpected work. Murdiono had been scheduled to lead off a discussion of "National Integrity in Connection With Normalization of Indonesian Relations with the PRC."

L.B. Murdani said that, as far as efforts for the sake of national interests on the global scene are concerned, there need be no question regarding the existence of conglomerates. Problems will clearly arise, however, if what happens is the reverse, namely a situation in which the conglomerates function as a channel for penetration of domestic markets by foreign interests without regard to social issues. "Such a role by conglomerates would remind us of the status of compradors during the colonial era," he asserted.

He noted that economic development is one of the main aspects of developing the nation in order to bring about progress and prosperity. We need to be aware, however, that there are potential sociopolitical and socioeconomic problems in the economic sector. Therefore, feelings and attitudes of patriotism, togetherness, and social solidarity must always underlie the direct participation and involvement of top businessmen in national economic development. If such a foundation does not exist, jealousy and social weakness may emerge.

"Therefore, it is our joint responsibility always to protect and strengthen these feelings and attitudes of patriotism, togetherness, and social solidarity within the structure of national life," he declared. "I am confident that the Prasetya Mulya Foundation is able to fulfill this expectation, for the foundation's name itself is a motto for this."

At another point in his remarks, he said he felt that through the business world the Prasetya Mulya Foundation has contributed to improving the quality of economic activity, which also means a direct improvement in the welfare of the people. In this way, the foundation has improved the quality of businessmen within the framework of building a strong national economic system. The foundation has actively participated in efforts to expand the Indonesian business world in a way that is consistent with business ethics under Pancasila.

**Domestic Question**

"Our national unity and integrity is a domestic issue alone," Rudini said. He explained that the restoration of Indonesia-PRC diplomatic ties is a routine matter, like the bilateral relations Indonesia has with other countries.

The home minister rejected the view that national weaknesses spring from foreign influence on Indonesia. National weaknesses emerge because our own ideas and actions do not correspond. Thus, there is no basis for the view that Indonesia has delayed the restoration of ties with the PRC because we have not been able to maintain security, order, and stability.

A lengthy period of thought and preparation has preceded the agreement on Indonesia-PRC diplomatic ties, which will be signed on 8 August. Although we must continue to be alert, there is no need for uneasiness or anxiety over this political decision.

Responding to questions from seminar participants, Rudini explained that there are still psychological problems related to the issue of people of Chinese descent. "If a person of Chinese descent comes to my house, my neighbors are suspicious, even though the visitor may be a friend of mine. Thus, I think time is still needed for overcoming this problem," he said.

#### Success of Integration

Jusuf Wanandi, chairman of the CSIS [Center for Strategic and International Studies], a member of the seminar discussion panel, said that Indonesia's diplomacy is crippled without relations with Beijing. With the restoration of Indonesia-PRC diplomatic ties, both countries can develop good relations in facing regional problems.

The restoration of Indonesia-PRC relations did not take into consideration whether or not the New Order's integration policy has been successful. "I believe that, generally, the policy has been successful. The integration concept is a 'never-ending effort,' however," he said.

The issue of integration is not related merely to aliens or Indonesian citizens of Chinese descent, but to the entire nation. The integration policy is successful because the exclusiveness principle was eliminated for the sake of integration and social interaction.

Jusuf Wanandi feels that one outcome of integration has been the participation of many Chinese in the life of the community at large. Another important element is the fact that people, especially citizens or aliens of Chinese descent, are no longer interested in developments on the Chinese Mainland.

#### Time Needed

Jusuf Wanandi believes that the Indonesian integration policy still needs another generation before it is broadly successful and firmly in place. With respect to the economy, he feels that government policy on development may widen social disparities.

The promotion of cooperatives shows that the government itself is aware of the consequences of development and is therefore more sensitive. Without corrective measures, development will stall and ultimately boomerang. Jusuf Wanandi also voiced the need for concrete action regarding entrepreneurship, for such steps will be extremely important in the long term.

#### Two Countries Renew Diplomatic Ties, Sign Trade Pact

90SE0119B Jakarta ANGKATAN BERSENJATA  
in Indonesian 9 Aug 90 p 1

[Text] Jakarta (ANGKATAN BERSENJATA)—The signing of an agreement to thaw Indonesia-PRC diplomatic relations reverses the 23-year freeze that followed the G-30-S/PKI [30 September Movement/Indonesian Communist Party] uprising. The signing took place in the Ceremony Room of Freedom Palace, Jakarta, on Wednesday [8 August] and lasted for 8 minutes, from 1010 to 1018 hours West Indonesia time.

Indonesian Foreign Minister Ali Alatas and PRC Foreign Minister Qian Qichen signed the memorandum of understanding (MOU) on normalization of Indonesia-PRC ties in the presence of President Suharto and Premier Li Peng.

Following the signing of the two copies of the MOU, the documents were then exchanged. Indonesian Foreign Minister Ali Alatas signed his red-covered document and presented it to Foreign Minister Qian Qichen, who handed the brown-covered PRC document to Foreign Minister Alatas.

The signing of the MOU was followed by the signing of an Indonesia-PRC trade agreement by Foreign Minister Ali Alatas and PRC Minister of Foreign Trade and Economic Relations Zheng Tuobin. President Suharto and Premier Li Peng witnessed the signing of it also. The trade agreement documents, which contained 11 articles and were bound in the same colors as the MOU, were then exchanged.

#### MOU

The MOU states that the Governments of Indonesia and the PRC agree that the normalization of diplomatic relations is based upon the Ten Principles of Bandung and the Five Principles of Peaceful Coexistence.

The PRC appreciates Indonesia's consistent adherence to the policy of one China and recognition of the PRC as the only legitimate government of China and Taiwan as an integral part of China. Indonesia conducts economic and trade relations with Taiwan through nongovernmental channels.

Neither Indonesia nor the PRC recognize dual citizenship. Native-born Chinese who have been naturalized as Indonesian citizens are no longer Chinese citizens. The same is true of Indonesians living in the PRC who have been naturalized as Chinese citizens or have acknowledged Chinese citizenship.

The two governments call on their people who have become citizens of the other country to comply with every rule, regulation, and law of the places where they live and to live harmoniously and adapt themselves to the customs of those places.



The Governments of Indonesia and China declare that, in compliance with international law and the statutes of each country, they will respect and safeguard the legitimate rights and interests of each other's citizens.

#### Trade Agreement

The trade agreement signed by the two foreign ministers states that both parties will endeavor to expand trade relations between the countries within the cooperative framework provided for in the agreement and will observe the laws and regulations of each nation.

The agreement also states that both countries, within the limitations of existing laws and regulations, must guarantee special treatment to each other while at the same time observing normal tariff and tax procedures. Other matters that facilitate trade relations between the two countries are also provided for. These provisions do not apply to other countries, however, even if they are neighboring countries or in the same region.

For the sake of harmonious trade, Indonesia and the PRC will provide maximum facilities for imports, exports, currency exchange, commodity inspections, and application of laws and regulations.

All trade transactions between the two countries will be without currency restrictions as long as the transactions comply with the respective laws of the countries. Indonesia will provide facilities for Chinese participation in trade exhibitions in Indonesia, and vice versa. Samples used in such exhibitions will be subject to normal tariff procedures in each country.

Samples used in an exhibition, whether being shipped into or out of the country holding the exhibition, must comply with local laws and regulations.

Goods with no commercial value and for use merely as samples and not for sale must be approved by local officials.

In a spirit of cooperation and mutual understanding, representatives of the two countries must be willing to conduct discussions, whether specifically requested or not, for the purpose of expanding trade relations between the countries and resolving any problems that may arise in the implementation of the trade agreement. A cooperation committee will be established for this purpose.

The trade agreement became effective when it was signed. It remains in effect for one year and can be extended.

#### Li Peng Pledges No Use of Overseas Chinese

90SE0119C Jakarta *PELITA* in Indonesian  
8 Aug 90 p 1

[Text] Jakarta (PELITA)—PRC Premier Li Peng said his government will not use overseas Chinese for China's own interests. He also called on Chinese who have

become citizens of other countries, particularly Indonesia, to be good citizens of those nations.

The PRC Government also declares that it has no connection with the banned PKI [Indonesian Communist Party]. "He said he does not know the whereabouts of the PKI," Minister of State and State Secretary Murdiono told reporters as he quoted a statement made by Premier Li Peng during talks with President Suharto at Freedom Palace on Tuesday [7 August].

The minister of state said that during the 2-hour talk the two heads of government expressed their views that the normalization of Indonesia-PRC relations is a very important matter, not only for their two countries, but for the world generally.

Both the president and the PRC premier felt satisfied with the process of normalization, for which an agreement is to be signed today. They were very satisfied with their exchange of views.

The two heads of government described developments in their respective countries. "Because of insufficient time, Premier Li Peng feels there are still many things to be explained about developments in the PRC. He will do that if the president will visit China," Murdiono said.

President Suharto welcomed the PRC premier's invitation and will make the visit at a time suitable to them both.

The PRC premier also explained to the president that the modernization now taking place in the PRC needs an atmosphere of peace and stability in the region and in the world in general.

The president and the PRC premier also looked at regional issues, particularly the Cambodia issue. In short, Premier Li Peng declared his support for Indonesia's role in resolving the problem.

They discussed international developments in general, and the two heads of government saw new hope despite the continuing existence of disturbing problems.

#### Ministerial Level

While the president and the PRC premier talked, a meeting of ministers and high officials of both countries was taking place in another room. For the political sector, Indonesia was led by Foreign Minister Ali Alatas and the PRC by Foreign Minister Qian Qichen. For the economic sector, Indonesia was led by the minister of trade, the junior minister of industry, and other officials, while the PRC was led by Minister of Foreign Trade and Economic Relations Zheng Tuobin.

In minister-level talks, the two foreign ministers agreed that the MOU and the trade agreement which were to be signed reflected a mature political attitude on the part of both countries and indicated an atmosphere of mutual trust.

They also touched on the agreement the two countries had made on temporary offices in both Beijing and in Jakarta for the opening of diplomatic relations. They agreed to send advance teams immediately to handle technical issues.

#### **Cambodian Issue**

Indonesia feels that the PRC has an important role in the Cambodian issue and has asked the PRC to take steps to expedite resolution. The PRC has accepted the Indonesian request, within the limits of PRC capability.

In response to a question, the minister of state said Indonesia hopes the PRC will be able to convince the three Cambodian factions to follow the road of peace in seeking an overall settlement.

With regard to the economic sector, the PRC delegation said that, in addition to the finalizing of the trade agreement, the surcharges that have been placed on goods imported into the PRC from Indonesia will be eliminated as soon as possible.

The PRC has put surcharges on goods from countries with which it does not have diplomatic relations.

Both countries agreed in the meetings to expand cooperation and to increase air and sea connections.

#### **Experts View Direct Trade With PRC**

90SE0122B Jakarta *PELITA* in Indonesian  
11 Aug 90 p 1

[Text] Jakarta (PELITA)—We must not permit foreign exchange losses in our direct trade with the PRC. Because good trade relations are those that are balanced, we must maintain constant monitoring and ensure that "administrative smuggling" does not occur.

This is a summary of views gathered by PELITA in interviews yesterday with economic observer Drs. Kwik Kian Gie; Iman Taufik, deputy KADIN [Chamber of Commerce and Industry] chairman for foreign relations; and industrial consultant Kusudiarso Hadinoto.

They were interviewed separately about a memorandum of understanding (MOU) on thawing Indonesia-PRC diplomatic relations and a trade agreement between the two countries, both of which were signed on Wednesday [8 August]. The men were asked especially about the possibility of our being flooded with PRC products.

"I fear that neither the agencies involved nor members of the business world are prepared for the rush of PRC goods. We have become capable of manufacturing a number of products, and we even export them; but the items we make are still simple ones," said Kwik Kian Gie. He fears that Indonesian products will not be able to compete with PRC goods because of the good quality and low prices of the Chinese products.

Kwik therefore feels that the normalization of relations between the two countries should be more political than economic. In fact, he added, there may be no economic benefit to Indonesia.

Both Iman Taufik and Kusudiarso Hadinoto, however, believe that the thawing of relations between the countries will spur the competitiveness of Indonesian products by leading to higher quality and restraint of prices through efficiency.

It is true, said Hadinoto, that some of our industries are not ready to compete with outside products. He hopes, therefore, that importers will avoid goods that are "dumped," meaning products sold here more cheaply than in the PRC itself. Imports should adhere to official procedures and be subject to tariffs set by the government, he said.

"The challenge to businessmen is to enter PRC markets with relatively superior products in order that the balance of trade does not become one-sided," Hadinoto declared.

Iman Taufik welcomes the government's decision. "We do not need to worry or be afraid, for each change brings opportunity. Do not look at the negative side alone," he asserted.

He acknowledged, however, that there are many complaints from manufacturers of such things as nails, screwdrivers, etc. They are afraid of facing very cheap PRC products, he said. If, however, it becomes evident that the PRC is paying excessive subsidies, we can lodge protests with GATT, he stated. If such subsidies are still within limits acceptable to GATT, naturally we will have no objection.

#### **Raise Import Fees**

Kwik Kian Gie proposes that import fees be increased on goods that will cause us to have a negative balance of trade. In this way, Indonesian products will be quite safe.

He noted that the PRC still does not have a market economy. A hundred percent of the country's exports are heavily subsidized, for their method of calculating basic prices is not like ours. They can make prices as low as they wish, since all factories are state-owned and controlled centrally. Therefore, we will have problems if we are flooded by PRC products.

Consequently, he proposes that, besides our imposition of rather high import fees, our imports from the PRC should be more selective. His basis for this is that Indonesia's manufacturing capabilities are deceptive. "Is it really true that we can build automobiles ourselves?" he asked.

Nevertheless, Kwik proposed that the business world maintain monitoring and look for other openings. Our dynamics can open new opportunities.

Iman Taufik hopes the PRC will import not only goods but technology products (product development engineering), too. The PRC has superiority in product design. Their weakness is the lack of incentive in factories. In fact, their manufacturing technology is probably not as good as Indonesia's.

Besides cheaper product technologies, their metal components are cheaper than those of Japan or Korea.

"We can learn much from them, especially about penetrating markets, finding market opportunities, and conducting market research," said Hadinoto, who is a former director general for miscellaneous industry. The PRC represents a big market, he said.

This poses a challenge to our trade apparatus, private as well as government, to establish agencies both there and here so that we can exchange information on tastes, market demands, and purchasing power. He hopes that the government will apply SII (Indonesian industrial standards) to imported products and that the implementation of this will be supervised by the Department of Trade. Hadinoto said standardization can be used as an instrument of protection.

#### Balance Desired

We should not be too worried about being flooded with PRC products. The important things are competitiveness and a fighting spirit, especially now that the PRC is opening and moving toward a market economy. Their domestic subsidies will gradually disappear.

There will come a time when the PRC cannot set the prices of their products so low. "Will they be able to keep on selling their goods at low prices?" Iman Taufik asked.

For that reason, he is not too worried, especially since Indonesia has some advantages, like raw materials. We want a balance between the trade systems of the PRC and Indonesia, he said.

According to Iman Taufik, the normalization of trade relations will also inspire our industry to be more efficient.

Because the government has provided so many facilities, it is almost time to begin reducing protection. Thus we must face normalization properly, especially seeing that our industries are relatively good as a result of deregulation, debureaucratization, and efficiency.

Whether are not there are diplomatic ties with the PRC, their products come in through smuggling, and no country in the world has been able to close itself to the flow of globalization. What Iman Taufik does not agree with, however, is a system of high-tariff barriers. Barriers let people get ahead merely because they are fully protected. There should be exceptions for strategic industries, he said.

Imam Taufik feels that it may be better for us to import technology products. The products themselves could then be made in Indonesia, since we have an open, or market, economy.

#### Investments

With regard to possible capital flight to the PRC, Iman said, "People who invest in the PRC are uncommonly brave. Their reasons may be cultural, not economic." Indonesia possesses many advantages in manpower as well as political stability and security. In fact, Indonesia is among the best investment locations in the Asia-Pacific region. This must be exploited to the limit, because changes may occur in a few years.

Hadinoto expects a two-way flow of investment. The Chinese will see the opportunities that exist here. Such investment may not flow via official procedures, however, but through people of the same ethnic group, he stated.

Kwik Kian Gie, however, feels that only one or two people will invest in the PRC. As for PRC investments here, Kwik has "a little hope."

"Other countries, especially the industrialized ones, will be horrified if Indonesia-PRC cooperation is conducted fairly and responsibly," Iman Taufik said.

Direct Indonesia-PRC trade was severed in 1967. In spite of that, imports from the PRC during the period 1980-1983 reached \$885 million, but there were no exports to the PRC. In 1984, Indonesian exports to the PRC totaled \$4.9 million, and imports from the PRC reached \$680 million. In 1985, Indonesian exports were worth \$343 million. In 1988, Indonesia enjoyed a surplus of \$53 million, with exports worth \$492 million and imports valued at \$439 million.

#### Energy Minister on Oil Supply, Electric Power

90SE0120B Jakarta ANGKATAN BERSENJATA  
in Indonesian 9 Aug 90 p 1

[Text] Jakarta (ANGKATAN BERSENJATA)—Minister of Mining and Energy Ginanjar Kartasasmita called on world oil consumers, particularly in the industrialized countries, not to keep letting oil prices rise. They should not panic, because only the brokers will profit.

"They should immediately use their existing stocks," he stated in reply to questions posed by reporters on Wednesday morning [8 August] after he had opened the 1990 Energy Workshop, sponsored by the Indonesia-WEC [World Energy Conference] National Committee and held at the Sahid Jaya Hotel in Jakarta.

According to the minister, "overhanging stocks" in the industrialized countries are adequate, enough for two or three months. Japanese stocks are even enough for four months. Rationally, only about 80-day stocks are necessary.

Ginanjjar feels the surging oil price, which is now at more than \$30 per barrel, is merely a shocked reaction by the industrialized countries. Their "overhanging stocks" of 1.5 million barrels are big enough.

He said, however, that the jump in price following the Iraqi attack on Kuwait is only temporary. True, everyone must be alert, but there is no need for worry or panic.

### OPEC Unified

Describing OPEC reaction, Ginanjjar said that whatever steps it takes will be done as an organization.

He said he had talked with ministers of OPEC member countries Saudi Arabia and the UAE [United Arab Emirates] about stabilizing prices. They agreed that OPEC members will not act alone but as an organization.

In his consultation with these big oil producers, they agreed to adhere to OPEC's July agreement on oil prices. OPEC had agreed that not one country would take unilateral action.

He said that Indonesian oil prices would continue to be guided by the Indonesia crude price (ICP) formula. At this moment, the price of MINAS [national oil] is \$21 per barrel, still within the OPEC-agreed price. He acknowledged that Japan has been asking for more of Indonesia's production.

### Workshop

In his statements opening the 1990 Energy Workshop, which has the theme "National Diversification of Primary Energy for Electric Power," the minister said private participation need not change the pattern of distribution, which must continue to be handled by the PLN [State Electricity Enterprise].

"It is necessary to note that the cost of private electricity generation must not change the current cost structure set by the PLN," he emphasized.

It is not impossible for the private sector to operate more efficiently and with lower operating costs, the minister said. The basic point is that the government cannot raise electricity rates in the future in order to pay for more expensive private electricity production.

The government has invited the participation of cooperatives and private interests, both foreign and domestic, because it will be difficult for the government to accommodate large additional demand for electricity. The Electricity Law, Law 15/1985, provides for steps in that direction, Ginanjjar said.

The workshop, which is attended by about 200 experts, began with a report by Wiyarso, chairman of the Indonesia-WEC National Committee.

### Role of Islamic Boarding Schools in National Life

90SE0120C Jakarta *PELITA* in Indonesian

8 Aug 90 p 4

[Article by Pramudito: "Perpetuating the Autonomy of Islamic Boarding Schools"]

[Text] When high officials visit the provinces, they normally do not forget to visit Islamic boarding schools. This shows that these schools are still held important in the world of education and have no small role in national development.

According to data from the Department of Religion, throughout Indonesia there are more than 5,000 Islamic boarding schools, served by about 20,000 teachers. These educational institutions, which can be called the oldest in Indonesia, are never shaken or affected by political conditions, the national budget, the economy, rising prices, or devaluation. The same is not true of public educational institutions. Nor are boarding school teachers concerned about such things as pay raises or pay cuts, as is often the case with teachers employed by the government.

Islamic boarding schools have the unique feature of autonomy. From the time any boarding school is founded, it represents community autonomy; and when students graduate, they remain autonomous (i.e., they do not become government employees) and stand on their own feet. They disseminate their teachings and plunge into society with their various professions.

The question is how to perpetuate this autonomy. We need such an attitude in our growing and developing country, which will shortly enter the takeoff era leading to an industrial society. Another question is what attitude the Islamic boarding schools will take toward the increasingly numerous challenges of an age marked by advancements in science and technology. Also, to what extent can the schools adapt their autonomy to the changes around them? Attitudes in the schools will have a part in determining whether the schools will exist in the future.

### Changes in the Islamic Community

One thing these boarding schools need to realize is that the "map of the Islamic community" has changed. Each school was established by a group in the Islamic community but was affected during its growth by the influences of Islamic social (and political) organizations existing at the time. Thus, although in principle a boarding school was independent, we could not at that time (or now either, to some extent) close our eyes to the fact that it was referred to as, for example, an "NU [Muslim Scholars League] school," a "PERTI [Islamic Education Movement] school," or a "PERSIS [Islamic Association] school." Muhammadiyah had the fewest schools; and even those schools were merely influenced by the movement. From colonial days, Muhammadiyah always established modern educational institutions as an effort

to adapt Islam to modern developments. When many Islamic social and educational organizations became political parties in the 1950's, the boarding schools felt their influence. The NU, the largest Islamic organization in Indonesia, is a clear example. When it separated from Masyumi to become a political party itself, the "NU boarding schools" became branches of the "NU party."

Their situation has changed now. The Islamic community tends strongly not to place itself so clearly as a member of certain social (or political) groups. Although Muslims may formally identify themselves with a specific Islamic organization, their ties with the organization are not as clear as they were before. Similarly, conflicts sharp a decade ago between Islamic organizations, such as over "transgression" issues, have faded and are viewed as irrelevant. The statement that Department of Religion researcher Muslim Abdurrachman wrote in an article is appropriate: "In the current age of social thought, the Islamic community's central political theme is not the upholding of Islamic law in Indonesia nor the development of an internal group identity, which is now seen as unimportant. The community's theme is the promotion of social dynamics in the Islamic community. At this stage, I see the replacement of the group identity period with a period of study or religious inquiry by all Islamic groups for the purpose of sparking new inspiration." According to Taufik Abdullah, the "Islamic school" period has moved to a period of "Islamic thought," meaning that the era of responding to challenges in the form of ideologies or trends has been replaced by an era of response to challenges in the form of ideas. ("Pesantren" magazine, No. 3, Vol. III, 1986)

The Islamic boarding schools now stand in the midst of such a Muslim community. The challenges thus faced by the schools is how to position itself in a society that has freed itself from the "bonds" of individual groups and has become a "floating mass" (except at election time). The autonomy or "independence" of the boarding schools is now being tested, and the best thing will probably be for the schools to learn to distance themselves from religious or other communities so that they are no longer associated with specific groups in society. This will enable them to be the property of all of society and the nation, in obedience to the will of God himself, who does not want his people to be fragmented and torn by conflicts over matters that are no longer relevant.

#### **Touched by Modernization and Industrialization**

Initially, the Islamic boarding schools had the ambition to build a truly devout and morally inspired society, according to numerous writings and speeches by NU leader Abdurrachman Wahid.

Developments in society and the impact of outside influences have not shielded Islamic boarding schools from the social problems emerging around them. Social problems, such as those related to unemployment, agriculture, population, industrialization, and modernization in every area of life, inevitably affect the boarding

school world. The schools are thus compelled to play bigger roles in the lives of their communities.

Some boarding schools have added, in addition to general subjects, curricula related to vocational skills so that students can establish themselves in their own livelihoods in the community when they have completed their studies. In the opinion of the writer, however, the most important question is how to express Islamic thought in the face of these social and technological developments. It is difficult if a boarding school student is encouraged to be a specialist in a specific field that is being handled by public educational institutions. However, the duty of the boarding schools to give moral support to society's expansion of knowledge, such as about scientific advancements, is in agreement with religion and is in fact required by Islam. In a listless society and at a time when society has but little interest in entrepreneurial endeavor—despite the great importance of such endeavor in an industrial society—the Islamic boarding schools must come forward to encourage business autonomy. At a time when it is hard to persuade residents of densely populated areas to move to other regions or islands as transmigrants, the boarding schools should take part in motivating people to do so. Their principle should be the religious teaching that all land we tread anywhere belongs to God. God commands his people to "roam" the face of the earth seeking livelihood.

There is also concern over the attitude held by Islamic boarding schools toward modernization, as articulated by Dr. Nurcholish Madjid, staff expert of LPSK-LIPI [Institute for Development of Islamic Schools-Indonesian Science Institute]. Basically, Nurcholish considers the boarding schools to be a national educational system that is the original property of the Indonesian people. There are certain qualities in the system that constitute a "red thread" running from one boarding school to another: autonomy, self-sufficiency, egalitarianism, opposition to the establishment, and simplicity. Modernization—translated by Nurcholish to mean a system taught by the government—has produced new values among the schools, including the desirability of being a government employee. This consequently destroys existing qualities, such as autonomy and self-sufficiency. "That is the reason the Gontor Islamic Boarding School has absolutely refused to give diplomas to its students. It fears that the students would then be evaluated on the basis of 'paper' and not on ability," Nurcholish stated. If the boarding schools lose their principles and are not able to maintain their traditions as a wellspring of culture, Nurcholish said, they will no longer be able to develop creativity in their students.

While the boarding schools maintain their position of autonomy with respect to the Islamic community and to society, modernization will also affect the lifestyles, attitudes, and conduct of graduates as they plunge into society. Their performance of this glorious task will contribute in an undeniable way to developing the human being as the most important resource and capital investment for national development.

### East Timor Benefits From Armed Forces Territorial Policy

90SE0120A Jakarta ANGKATAN BERSENJATA  
in Indonesian 9 Aug 90 p 7

[Text] Dili (ANGKATAN BERSENJATA)—East Timor PANGKOLAKOPS [Commander of Operations Executive Command] Brigadier General R.S. Warouw said on Saturday [4 August] that the local population is beginning to enjoy the benefits of ABRI [Indonesian Armed Forces] territorial upbuilding, which was implemented at the end of 1989.

The village community generally is delighted and sees the ABRI territorial activity as splendid work that helps village people to improve their welfare, he said in a press conference in Dili.

As a conspicuous example, Warouw noted that, whereas East Timor farmers previously worked their rice paddies by using water buffalo to tread the fields, through ABRI territorial upbuilding they are now gradually being instructed to use plows.

"Farmers accept this method," Warouw said, explaining that the farm community wants to see examples that they can imitate.

He acknowledged that this upbuilding activity is still limited and added that the apparatus therefore needs to be provided with specialists in agriculture and other fields.

Brig. Gen. Warouw said that another impact of territorial upbuilding has been the elimination of inspection posts. Since the primary target of upbuilding is the community, people must have full mobility.

### Not Merely Physical

"The East Timor people are now free to go wherever they will. The important thing is that they must have personal identification, such as KTP's [identification cards]," Warouw stated.

Warouw said the ABRI territorial program in East Timor is not merely for the purpose of creating progress in a physical way, such as through construction of infrastructure and facilities for life in the villages, but also for bringing a positive impact on the spirit of national unity and integrity.

He said that, in the framework of helping people prepare for the future takeoff era, this territorial activity will emphasize efforts toward self-sufficiency.

He added that each phase of territorial upbuilding must create and encourage community enthusiasm for being self-sufficient in the development of its region through productive activity.

Brig. Gen. Warouw said that, in order to make development in the region more productive and to assure that all programs move forward with full integration and harmony, the territorial apparatus must always cooperate with the government apparatus and with all the people, including community leaders.

In a press conference last month on the occasion of East Timor's 14th anniversary, East Timor Governor Mario Viegas Carrascalao said that all agencies and departments must support ABRI efforts.

He stated that the people and regional government of East Timor are delighted with ABRI territorial upbuilding and view it as a special effort that has been carried out successfully and quickly, thus permitting the people to enjoy the benefits of it directly.

**Savannakhet Offers Incentives to Thai Investors**

90SE0114B Bangkok MATICHON in Thai  
13 Jul 90 p 5

[Text] Dr. Thirawat Romthaithong, the head of the Chamber of Commerce in Kalasin Province, said that he and approximately 20 members of the executive committee of the provincial Chamber of Commerce had recently gone and met with trade and business relations representatives of Savannakhet Province in Laos. During the meeting, Savannakhet Province proposed allowing Thai businessmen to invest in Savannakhet Province. Consideration will be given to offering special incentives to Thai investors. For example, they will be allowed to carry on activities without having to pay rent on the land, they will be exempt from paying taxes during the first two years of operations, and taxes will not exceed five percent.

Dr. Thirawat said that Savannakhet Province is particularly interested in having Thai investors invest in agricultural activities, such as growing rice, soybeans, peanuts, cotton, and jute. This would help bring in new technology and methods. Besides this, Laos wants Thai investors to build industrial plants to process agricultural produce and to establish a marketing system.

"They have proposed selling us scrap iron, forest products such as timber and resin, and various agricultural products such as cassava, rice, peanuts, and soybeans.

But the main thing is that they want us to invest in cultivation and purchase their products. Their conditions and regulations will be very flexible," said Dr. Thirawat. He added that senior officials in Savannakhet Province had assured him that they will support and promote trade between Thailand and Laos. They said that they will stipulate the easiest conditions and terms possible. As for contract violations, Laos has taken steps to prevent this. From now on, the state must be informed about all international trading activities regardless of whether this is people-to-people or people-to-government trade.

**Book Published for Prince Souphanouvong's 80th Birthday**

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[Editorial Report] The LPRP [Lao People's Revolutionary Party] daily PASASON in Lao on page 1 of its 23 July issue carried an advertisement for a book commemorating President Souphanouvong's 80th birthday. The work, a compilation of writings by Lao and foreigners, is published by the LPDR Social Sciences Committee. It may be purchased by both Lao and foreigners from the Committee. The book's title is "Prince Souphanouvong, Leader of the Revolution." [Note: This is the first monitored observance of the title "Prince" used for Souphanouvong in the LPDR media since the monarchy was abolished in 1975.]

### Editorial Comments on U.S. Help, Bases Issue

90SE0097A Manila MALAYA in English 27 Jul 90 p 4

[Editorial: "A Non Sequitur"]

[Text] The nonsense is going around that Filipinos who favor dismantling of the U.S. bases should now hang their heads in shame and rethink their position because of the prompt and effective assistance rendered by the Americans during the disaster.

This is a childish argument, insulting to both Filipinos and the Americans. Filipinos who oppose the bases are as grateful as those who favor their retention for the Americans' help. Both factions are grateful too to the British, the Japanese, the Singaporeans and others who came to lend a hand. And they're grateful to all those around the world who sent aid in the form of money, medicine, food, clothing, etc.

But none of this has anything to do with one's politics and convictions. Every Filipino's expression of gratitude is just the normal person's decent reaction to those who have helped him and his people at a time of great need and suffering. It doesn't mean that every time there's a vote in the United Nations involving, say, the British, or maybe the Japanese, we should vote with them even if our national interest may dictate otherwise, out of appreciation for what they've done. They don't expect it, and we are not beholden to them in that way.

It is the same with the Americans. They rushed to help because, as it happened, they were here at their bases, our people were dying and hurting, and they had all these facilities and resources to be of assistance. But even if they didn't have the bases here they would have come, as the others came, because this is how people react and behave in times of crushing calamities.

Differences of race, nationality, color, religion and politics disappear for the moment under an overpowering sense of a common humanity and of a global family that envelops and enfolds all. Help is given with no strings attached, no price tag, no conditions. There's no government and people the Americans should loath more than the Iranians, who humiliated and reviled them through the long episode of the hostages. But when an equally disastrous earthquake struck Iran just before ours, the Americans were quick to offer resistance [as published], and gave it whole-heartedly once the path was cleared.

To say that the Americans now expect the Filipinos to give them a blank check on the bases is to insult them. Pressure, give-and-take, reciprocity, bluff, bluster—all these are the normal chips wagered on the table of diplomacy and politics. But to gamble and trade on a people's agony is not part of the game. It's not acceptable. It's not done. And the Americans themselves probably will be first to say it's un-American.

Thus the Americans and the Filipinos will return to the negotiating table with the former not enjoying any kind of moral ascendancy, nor the latter suffering from any

moral handicap or obligation. They will resume the talks the same way they were conducted previously, with either side free to pursue its arguments and its goals forcefully and uninhibitedly. References to the assistance so generously extended to us will not be seated at the table, except perhaps at the start. As Foreign Affairs Secretary Raul Manglapus said, "I will thank them and then we'll get down to business." Although one wishes he had put it more graciously, more gently, more the Filipino way.

Outside the conference hall, the Filipinos will never forget what the Americans have done. That's our utang na loob. And if and when an occasion should arise when we may be of assistance to them, undoubtedly we will respond to the fullest extent allowed by our limited means and capabilities. That's how we owe them.

But to argue, as some Filipinos themselves are doing, that the only honorable way to express our thanks is to give them what they want on the bases is a non sequitur. There's no connection. They are things apart. And any Filipino who has always believed his country will be better off with the bases gone should have no qualm or hesitation about carrying on.

### Muslims Urged To Actively Support Autonomy Efforts

90SE0104A Cebu City SUN STAR in English 30 Jul 90 pp 19, 22

[Text] Manila—National Defense Secretary Fidel V. Ramos has urged Muslims in the south to actively participate in the organization of the Autonomous Region of Muslim Mindanao saying it is the momentum to start the autonomy right and prove the proposition that the Filipino Muslims can run their own affairs if not better than the Central Government.

Ramos made the call in a speech before members of the Iranon Royal House and Sultanates League which celebrated its 2nd founding anniversary in Cotabato city Saturday.

During the occasion, Cotabato City, Mayor Kahir Macapeges, paramount sultan of the Iranon royal house, enthroned Sultana Bai Dimasangkay Adil and Constabulary Maj Panga Ibay as members of the sultanate.

The defense chief said the birth of the Mindanao Autonomous Region carries with it vast potentials that can be exploited not only for the benefit of the Muslim population but also the whole country.

The Regional Autonomous Government are composed of the Provinces of Maguindanao, Tawi-Tawi, Sulu and Lanao del Sur.

Ramos said these areas are rich in natural resources and if the Regional Government can accomplish a dramatic improvement in peace and order and a relatively graft-free administration, the region could attract financial investments from all sources.



With the issue of autonomy settled, Ramos said the Regional Government is in a position to effect the final settlement of the outlawed Moro National Liberation Front (MNLF) question, including its role in a regional security force under the AFP [Armed Forces of the Philippines] within the framework of the 1987 Constitution.

Ramos said Muslim Mindanao can be a strong positive link to the Islamic world which consists of states anchored in the Middle East by the oil producing Arab countries, countries that provide hundreds of thousands of jobs for Filipinos. PNA

### **Benedicto Surrenders \$16 Million to Government**

*90SE0104F Cebu City SUN STAR in English  
28 Jul 90 p 19*

[Text] Manila—A close associate of Ferdinand Marcos has surrendered \$16 million in cash to the Philippine Government, an official body tasked with recovering the late ruler's wealth said here yesterday.

Roberto Benedicto, who had been appointed by Marcos as chairman of a sugar regulatory agency, surrendered the money to the Presidential Commission on Good Government (PCGG), the body's Chairman Mateo Caparas said.

The PCGG is an agency assigned to identify and recover allegedly ill-gotten assets of Marcos, his family and business cronies like Benedicto.

"In his tender of the money to the commission, however, Benedicto expressly stated that he was doing so without any admission of guilt," Caparas said in a statement.

Caparas said the commission received the money "without giving up its power to continue, as it will continue, all its cases against Benedicto in the Philippines."

"The fact, however, that Benedicto surrendered \$16 million from his funds in Switzerland shall not be used in evidence against him in those cases," he added.

Benedicto, who has interests in sugar, banking, shipping and broadcasting, is one of the respondents in 33 civil cases filed by the PCGG against the Marcos family and their associates.

The PCGG said Benedicto had been dropped as one of the co-accused in the dismissed racketeering charges filed against former First Lady Imelda Marcos after he entered into an unspecified settlement with U.S. authorities.

The PCGG was created by President Aquino after 1986 revolt that toppled Marcos, who died in exile last September.

It has entered into cash and other settlements with several Marcos associates in exchange for dropping or reducing charges against them.

### **Military Encircles Noble Stronghold**

*90SE0104D Manila MALAYA in English 29 Jul 90 p 2*

[Text] Esperanza, Agusan del Sur—Government forces Saturday started encircling the mountain hideout of fugitive Col Alexander Noble in Barangay Salug, 40 kilometers west of this town.

Two army battalions and a contingent of the Constabulary Special Action Force which previously sealed off all possible exits of Noble and his armed followers are advancing toward the renegade colonel's stronghold, reports said.

Military authorities said they have not yet received word from civilian negotiators led by Datu Ampedal Manpatilan who went to Salug Friday to arrange for Noble's surrender to government authorities.

An unconfirmed report said several Noble supporters, including Army deserters and civilian militiamen, wanted to surrender but requested amnesty from the government.

Brig Gen Miguel Sol, who has been supervising military operations here, assured renegade troops who joined Noble that they will not be prosecuted if they will surrender peacefully.

A total of 3,361 residents of villages near Noble's hideout have left home since the military began preparing to launch an offensive against Noble and are housed in evacuation centers in Hawilihan and Nato in western Esperanza.

Esperanza Mayor Filomeno Conol said 80 per cent of the affected residents have stayed behind, awaiting for the start of hostilities before fleeing.

Primitivo Rufin of the Department of Social Welfare and Department confirmed that a nine-month-old boy, Elma Jon Lucas of Bonaguit, Esperanza, died of bronchitis at an evacuation center.

### **Possible RAM-MNLF Alliance Reported**

*90SE0103A Cotabato City MINDANAO CROSS  
in English 18 Jul 90 p 1*

[Text] Muslimin Sema, chairman of the Moro National Liberation Front (MNLF) Utara Kutawato State Revolutionary Committee, recently said the reported mass surrender of his former comrades in the revolutionary front would not affect the struggle of the Bangsa Moro people in Mindanao.

Sema issued this statement last Tuesday in the wake of published reports claiming that hundreds of MNLF fighters have laid down their arms and have returned to the folds of the law.

"Nobody (in the MNLF) is indispensable, mass struggle is not a monopoly of individuals or any group," Sema told a group of newsmen at his camp somewhere in Talayan town.

Sema holds a rank of brigadier general in the MNLF and commands separatist forces in at least three provinces in Central Mindanao.

At least 10 MNLF rebel chieftains and 1,018 of their followers left the movement: and gave themselves to military authorities. A total of 231 high powered rifles and firearms were also turned over to the government. The list of surrenderees furnished by the military included only those who returned to the folds of the law from May to June this year.

Among the prominent MNLF commanders who surrendered were Mustapha Aton, alias Commander Taps; Abdul Kadir Lumpungan, Suma Alip, Teodoro Marfil and three other rebel leaders based in Lanao provinces.

Early this month, MNLF leader Randy Karon bolted out from the movement. Karon, a former medical student and a Libyan-trained MNLF veteran, figured prominently in clashes with government troops in coastal areas of Cotabato at the heights of hostility in early '70s. Karon and his men, however, did not surrender to military authorities but claimed they would maintain an atmosphere of peace in their area of operation.—(HAP)

#### **MNLF Struggle Not Affected by Surrenders**

*90SE0103B Cotabato City MINDANAO CROSS  
in English 25 Jul 90 p 1*

[Text] The Moro National Liberation Front (MNLF) said an alliance with the outlawed Reform Armed Forces Movement (RAM) is very probable to happen provided that the fronts political and military programs are not included in the tie-up with the renegade group.

Muslimin Sema, the most senior MNLF official in Central Mindanao, gave this remark in the wake of published reports that the RAM has forged a tactical alliance with the Moro separatist group.

Sema denied the reported link but said his group "is in sympathy" with other movements which are disenchanted with the present government. "We have not received any official request from them (RAM) and we have to know what their positions are on various political and economic issues confronting Mindanao before we approve such agreement," Sema said.

Sema claimed his group, which operates in the empire province of Cotabato, has yet to meet RAM members who are reportedly roaming around Mindanao to solicit aid from various revolutionary groups.

"It (alliance) is very probable to happen among various revolutionary movements in Mindanao," Sema added.

In the past, the MNLF claimed it forged unofficial alliance with the New People's Army, particularly in Davao provinces, under certain commonalities. Among these were common geographical jurisdiction for sanctuary and the exchange of revolutionary reading materials.

At the same time, Sema said that the occasional armed encounters between his group and the Armed Forces are unavoidable. He claimed that most of the casualties from the military were those who "owed the Bangsa Moro people blood debts."—(HAP)

#### **NGOs May Not Favor Kabisig**

*90SE0104B Cebu City SUN STAR in English 30 Jul 90  
pp 7, 18*

[Text] Non-government organizations (NGOs)—except perhaps the satellites of Presidential Management Staff (PMS), the Presidential Commission on Urban Poor (PCUP) and other government-mandated groups—may not really be interested at all in joining the Kabisig.

This is one important possibility being missed entirely in all these unresolved-discussions on the Kabisig movement. Since the announcement of its organization last June 12, the assumption has always been one on NGOs joining the Kabisig. This assumption, however, needs to be verified.

But before people like Sen Jovito Salonga and Rep Ramon Mitra Jr who take politics as an opportunity to enrich themselves cheer on the possibility that NGOs may not really be interested in joining the Kabisig, it should be emphasized here that such a possibility is not drawn on the basis of any perceived weakness of the Kabisig itself. Quite paradoxically, the possibility is precisely because of politicians like Sen Salonga and Rep Mitra and others like them whose only mission in life is the protection of their own interests.

Despite some unresolved issues on NGO-government relationship, many NGOs in fact view this relationship with government with a positive note. The basis of this perception shared among NGOs is simply the fact that they exist not to replace the mechanism for government services but rather to complement it. There should have been no basis, therefore, why NGOs retain certain reservations in joining the Kabisig.

If many NGOs insist on maintaining distance from the Government, it is not on the basis of their alleged natural dislike of the Government itself or their conscious avoidance of being tangled with its bureaucratic mess. The reason is rather more on the kind of politics being exercised by government people. And nothing can be more validating to this insistence than the political antics of Sen Salonga, Rep Mitra and other politicians of the same mold. The NGOs, therefore, now have a stronger reason why they would rather continue doing things on their own than ally themselves with the Kabisig.

The NGOs have their own kind of politics. They believe, for example, that issues on poverty and development are traceable to the political powerlessness of the marginalized sector, a condition brought about by the concentration of political power in the hands of a few people like Sen Salonga, Rep Mitra and all members of their political cheering squads. It is clear this brand of politics is opposed to the politics of all now wielding state power.

The poverty issues of land ownership and agricultural productivity can easily explain these differences in politics. NGOs work with communities who are completely dependent on the productivity of the land they till. And yet most of these lands belong to the feudal lord class of Sen Salonga and Rep Mitra. This relationship creates weakness and dependence on the part of the farming communities and strength on the part of the feudal lords. Issues on poverty and development, in this case, can only be resolved in the political empowerment of the farming communities.

What is emphasized here is the fact that the issues raised by Sen Salonga, Rep Mitra and their political alliances are not only issues deeper than their suspicion on the Kabisig as a political party of Pres Corazon C. Aquino but also issues closer to their fears that the movement can possibly make them politically inutile. It is, therefore, understandable that these men and women so privileged at the expense of the powerless poverty sector resist the idea of NGOs linking with the Government.

NGOs are not easily drawn to illusory ideas. While the Kabisig movement may indeed facilitate their preference to work closely with the Government, the fact remains that such a preference requires tremendous amount of self-sacrifice on the part of Sen Salonga, Rep Mitra and all those inside their political enclave for it to work for the improvement of the quality of life of the abused sector. The sad thing is that it is illusory to expect this self-sacrifice from Sen Salonga, Rep Mitra and all those now enjoying the privilege of running this government.

It seems conclusive that the presence of the NGOs in the Kabisig movement will yield nothing more than useless debates between the NGOs themselves and government people like Sen Salonga, Rep Mitra and their friends. These debates, in fact, are already polluting many sentiments, discouraging initiatives and even killing the hope for a peaceful change before the idea of the Kabisig is given the chance to prove itself.

The possibility that NGOs are not interested in joining the Kabisig movement is not remote.

#### **Two NPA Leaders Killed in Cagayan Encounter**

*90SE0104C Manila MALAYA in English 29 Jul 90 p 2*

[Text] Encounters between government forces and communist rebels continue in various part of the country

despite a unilateral ceasefire declared by the New People's Army [NPA] in certain parts of the country in the wake of the devastation brought about by the July 16 killer earthquakes.

Camp Crame said two commanders of the New People's Army in Cagayan were killed during a firefight with elements of the 63rd infantry battalion. The two NPA commanders, Ka Encee and Ka Rex, were leading about 50 rebels when they were chanced upon by soldiers in Barangay Maluyo, Allacapan early this week.

Troops recovered M-14 and M-16 rifles, an ICOM radio, landmines and assorted ammunition.

In Quezon, members of the 231st PC company engaged 15 rebels in a gunbattle in Barangay Batingue, Pagbilao. No casualty was reported.

In Kalinga, Apayao, a 20-minute firefight took place between PC soldiers and volunteers from the 6th PC [Philippine Constabulary] company and suspected NPA rebels in Capegan, Pinukpuk.

Last Wednesday, members of the 388th CP company and a CAFGU unit engaged an estimated 10 NPA rebels in a firefight in Sitio Maloy-a, Barangay Tayum, Cauayan, Negros Occidental. A militiaman was wounded in the incident.

In South Cotabato, three persons were injured when a crude explosive device went off inside a passenger bus.

#### **NBI Presents Video on Military Drug Deal**

*90SE0104G Cebu City SUN STAR in English 27 Jul 90 p 19*

[Text] The National Bureau of Investigation [NBI] yesterday presented video clips of the heroin deal resulting in a military shootout two weeks ago.

The tapes were presented by NBI at the start of an investigation conducted by the Presidential Fact-finding Committee looking into the shooting incident in Makati.

In his testimony, NBI chief Alfredo Lim said the tapes will prove that slain Northern Luzon Command Col Rolando de Guzman and Major Franco Calanog were involved in the delivery of some 10 kilos of heroin to agents posing as buyers.

Both military officials were killed by NBI agents on July 10 at the carpark of the Magallanes Commercial Center during a buy-bust operation with the help of an agent from the United States Drug Enforcement Administration named Phil Needham, Lim said.

Lim told the committee chaired by Secretary Magdangal Elma that the identity of the slain military officials were not known until they were taken to the Makati Medical Center for treatment.

He said the Guzman and Calanog were identified only through their IDs.

Lim said the shootout occurred only when the suspects resisted.

His contention was debunked by military officials recently, saying the victims could have been victims of an ambush. Lim vehemently denied this and said video films of the drug deal will prove them wrong. (PNA)

**PC Photos Show Narcom Agents Were Ambushed**  
*90SE0097C Manila MALAYA in English 25 Jul 90 p 2*

[Text] Constabulary authorities yesterday said they have in their possession photographs indicating that the agents of the PC [Philippine Constabulary] Anti-Narcotics Command were ambushed by National Bureau of Investigation [NBI] men in the alleged July 21 shootout in Quezon City. Brig. Gen. Virgilio David, Narcom chief, said the photographs showed that more than four NBI men were involved in the incident contrary to an earlier claim by NBI Director Alfredo Lim.

"In fact the photographs, likewise, showed that the NBI carter van did not have any bullet holes," David said.

He said Constabulary Highway Patrol Unit special operation unit troopers who were near the alleged encounter area noted that many cars reportedly belonging to NBI agents were at the scene.

Among the vehicles was a carter utility van reportedly used by the gunmen while another white car was utilized by the other agents who directed traffic some 100 meters away from EDSA-East ave. intersection, where the shooting occurred, David said.

He said investigation showed that the PC troopers who rode a blue Toyota Corona car were stopped at the intersection by the NBI agents. The NBI agents on board the carter van then alighted and fired at the Narcom troops, David related.

"After shooting the victims, the NBI agents dragged one of the fatalities, Sgt. William Abrigado, out of the car and dumped him on the pavement," David revealed.

The agents, David said, then brought Sgt. Melchor Gadiasa and C1C Demmy Popanes, who were seriously wounded, to the St. Luke's Hospital. Narcom agent, C1C Eduardo Rabago, was declared dead on arrival at the same hospital.

As this developed, Justice Secretary Franklin Drilon yesterday turned over to Brig. Gen. Edgar Dula Torres six firearms allegedly used by four NBI agents during the QC shootout last Saturday. In a letter to Dula Torres, Drilon said that two of the guns both Colt .45 caliber pistols with serial numbers SN-807090 and SN-822318, were recovered at the scene.

The four other weapons are: AR 18 rifle caliber .223 with SN 5648; M-16 rifle caliber .233 (SN-233326); Uzi machine pistol 9 mm (SN-065039); and Uzi machine pistol 9 mm (SN-12029).

Narcom men Abrigado and C1C Edgardo Rabago were killed during the shootout.

Drilon also told Dula Torres that the NBI van with plate PLE 344, is parked at the NBI office compound, Taft ave., Manila ready for inspection by the NPD probers. The four NBI agents—Ali Vargas, Eduardo Caratao, Rosauo Bautista and Ramon Alba—who are involved in the shootout were directed to cooperate with NPD probers, Drilon told Dula Torres.

The other day, Drilon ordered Lim to place under technical arrest the four agents and to turn over the probe of the case to the NPD.

**NBI Director Comments on Tests for Gunpowder**  
*90SE0097B Manila MALAYA in English 27 Jul 90 pp 1, 2*

[Text] Paraffin tests yielding negative results on a military officer killed in an alleged shootout in Makati following an aborted 10-kilo heroin sale does not necessarily mean the officer did not fire any weapon, National Bureau of Investigation Director Alfredo Lim said yesterday.

Testifying before the fact-finding committee formed by President Aquino to probe the incident, Lim said certain types of firearms do not leave enough traces of gunpowder.

He was referring to the negative result of the paraffin test conducted on Maj. Franco Calanog who, along with Col. Rolando de Guzman, Northern Luzon Command deputy chief, and CIS civilian agent Avelino Maguera, was shot dead by agents of the NBI and Western Police District during the supposed drug buy-bust last July 10 at the Magallanes Commercial Center.

De Guzman was found positive for powder burns.

Capt. Reynaldo Jaylo, chief of the NBI reaction strike force, told the committee yesterday that De Guzman fired his 9 mm pistol twice and Calanog, his .45 caliber pistol, once. He said Maguera was unarmed.

Lim said he was told by an NBI chemist that paraffin tests are not 100 per cent accurate, specially if the gun fired was a pistol.

He added that the presence of powder would "depend on the velocity and direction of the wind" at the time of the incident.

Lim also said Phil Needham, a U.S. Drug Enforcement Administration official who posed as buyer of the 10-kilo heroin, will testify before the committee along with Andrew Fenrich, another DEA official.

Jaylo submitted to the committee several cassette tapes which he said contained recorded conversations and videotaped meetings of the persons in the heroin deal.

He insisted that the arresting officers did not know the identities of the "businessmen" selling the heroin until their bodies were taken to the Makati Medical Center.

Lim also said the NBI never expected a shootout because they had thought the sellers were "businessmen and not the military officers they turned out to be."

### House Leaders Express Concern About Kabisig Bonds

90SE0085A Manila MANILA BULLETIN in English  
15 Jul 90 p 10

[Text] The proposed flotation of 10-billion peso Kabisig bonds could lead to greater inflation, some leaders of Congress believe.

House Speaker Ramon Mitra Jr., Assistant House Minority Floor Leader Raul Roco, and Rep. Margarito Teves, chairman of the House committee on economic affairs, said on separate occasions that the proposed flotation could mean additional money in circulation, leading to inflationary pressures.

"We have too many government bonds in existence. We must limit, instead of expanding them," Roco said.

The administration plans to float Kabisig bonds to finance the projects of the new movement which President Aquino has launched to speed up the implementation of various projects.

According to Roco, the Aquino government has issued a total of 280 billion pesos worth of treasury bills, mainly to raise funds for its operations.

Quoting reports of monetary and fiscal authorities, Roco said these T-bills have created inflationary pressures. A one percent increase in the prevailing interest rate means an additional 2.8 billion pesos in budget deficit, he said.

If the government prints new money to augment its deficit spending, it means 2.8 billion pesos additional money in circulation, he added.

### De Villa, Lim Attempt To Settle Differences

90SE0089C Manila THE MANILA CHRONICLE  
in English 15 Jul 90 pp 1, 6

[Text] The military and the National Bureau of Investigation [NBI] have agreed to ease the tension between them caused by the killing of three military men accused of being involved in a P230 million drug deal, Justice Secretary Franklin Drilon said yesterday.

Drilon said he had been told by President Aquino to meet Armed Forces Chief of Staff Gen. Renato de Villa and NBI director Alfredo Lim to "lay the groundwork for the conduct of an impartial investigation of the incident" on July 12.

The three met at Drilon's house in Greenhills on Friday night. Drilon said De Villa and Lim agreed to reiterate

their orders to their men not to issue statements that would worsen the tense atmosphere.

It was also agreed that the NBI's action unit group, headed by Capt. Reynaldo Jaylo, would be grounded and returned to the Western Police District under the custody of WPD chief Col. Ernesto Diokno.

Jaylo's unit, composed of policemen detailed to the NBI, had conducted the operation where the three military men had been killed.

The NBI claimed that the three—Army Col. Rolando de Guzman, deputy chief of the Northern Luzon Command (Nolcom), Maj. Franco Calanog, Nolcom intelligence chief, and Avelino Nepomuceno, a Constabulary agent—were killed in the parking lot at the Magallanes theater in Makati when they tried to resist arrest.

Senior military officers said the NBI story was "pure concoction."

Drilon said "there is a need for an impartial body to look into this, to avoid any charges of favoritism or white-wash or what have you."

He added that the President decided it was in the "national interest" that the Palace step into the conflict and avert a possible confrontation.

Drilon told reporters in Malacanang that De Villa and Lim asked that both the Constabulary and the NBI continue their investigations and make their evidence available to the presidential fact-finding committee.

The two also agreed to inhibit their men from making conclusive statements that would affect the investigations.

But the agreement didn't seem to stop the feud.

The NBI has not yet fully complied with an order to return 800 Manila policemen detailed to work with the NBI.

Only 34 of the 800 were sent back to the Western Police District Headquarters yesterday.

Col. Diokno, WPD superintendent, said the 34, led by Jaylo, would be followed by the others.

Lim, NBI chief said he would comply with the order of Capital Region Command Chief Brig. Gen. Marino Filart that the 800 be returned.

Lim said he would order his 50-man security aides back to the WPD headquarters early next week.

Epimaco Velasco, NBI assistant director, said the pullout "virtually crippled" the NBI, which he said was under-manned.

"Malaking tulong silang mga police dito. Kulang na kulang ang tao namin dito, lalo ngayong maraming

operasyon [They helped the police a lot. We don't have enough people here, but there are very many operations],” he said.

In Makati, two Nocom soldiers claimed that the night he was slain, De Guzman had been about to arrest a senior communist leader.

One of the soldiers, Cpl. Abraham Javellana, 29, said that there could not have been a shoot-out as alleged by the NBI.

He said in a sworn statement before Makati police that though he did not see the shooting, he heard the shots, and they did not sound like a gunfight.

Javellana claimed he was at a drugstore near the parking lot when he heard three successive pistol shots—probably .45 caliber—from where De Guzman had parked his car.

He said he had rushed to the lot, but was stopped by the sight of his chief slumped dead on the driver's seat, his left foot protruding from the window.

Minutes later, Javellana said, he heard a volley of shots, this time coming from where Calanog parked his Volkswagen. Nepomuceno, De Guzman's driver, was with Calanog, and he too was killed.

He said that Calanog was unarmed; his 9-mm pistol was in De Guzman's clutchbag.

According to Javellana, De Guzman was to have met an informant who was arranging the surrender of the Communist Party's Central Luzon Committee secretary, Elizabeth Principe.

Javellana told police that De Guzman had been armed with a “baby” Armalite, which would have made it impossible to fire shots which sounded like pistol fire.

The other sworn statement, made by S/Sgt Jose Pontanillas, 35, corroborated Javellana's story.

### **Salonga Criticizes Malacanang's Policy on National Debt**

*90SE0087A Manila DYARYO PILIPINO in Tagalog  
12 Jul 90 pp 1, 7*

[Text] According to the chairman of the Senate, Senator Jovita Salonga, the strategies used by Malacanang Palace in paying off the foreign debt are useless. He decided to support the new public call for cooperation in not paying off all the national debt to the foreigners “who were engaged in immoral corruption and anomalies” during the Marcos regime. What the debt amounts to is \$360 million daily interest on the P1.2 billion Bataan Nuclear Power Plant (BNPP).

Meanwhile, the Central Bank (CB) announced that the foreign debt was \$26.14 billion in April; when the interest rate went down to 5.3 percent since the end of

1989, the debt went down further by \$200 million last May, as compared to the original entire amount.

The foreign debt went down via the strategy of “buying again” \$1.2 billion of the debt at a 50 percent discount during the early part of the year.

Salonga promised Senate support for the campaign called People Against Immoral Debt (PAID) that was launched during the early part of the week in Malolos, Bulacan, by the Freedom From Debt Coalition (FDC).

“The current strategy of decreasing foreign debt is not working; it is high time to try the adequate program of the FDC,” Salonga told the delegates to the two-day national conference of the FDC.

The FDC program declared a moratorium on the debt payment and repudiated fraudulent debts.

The President of the FDC, Leonor Briones, stated that the national movement campaign should aim for the cancellation and non-payment of the anomalous debts. It is believed that the money was used to build a “defective and very expensive” Westinghouse power plant in Morong, Bataan, the construction of which was stopped by the Aquino government.

“The immorality of the Philippine foreign debt is embodied in the BNPP,” Briones said.

She emphasized that the successful campaign against the debts incurred because of the BNPP “would take precedence over the cancellation of the other remaining foreign debts.”

According to Salonga, the foreign debt problems must not be looked at simply as financial or legal problems. “Rather, what is significant here are the ethical and moral dimensions of the problems,” he said.

Salonga mentioned the graft and corruption related to some of the debts incurred during the Marcos administration as one of the three putative reasons why the debts mentioned above are “immoral.”

He added that the money that leaves the country is a lot more compared to that which comes in (net resource transfer); thus, this and the bad effects of the debts on the poor are the other two basic reasons (why the said debts are immoral).

Filomeno Sta. Ana, the General Secretary of the FDC, disclosed that their organization, on a certain day, would call for a nationwide protest against the anomalous debts and that this call is based on one of the first resolutions strongly approved at the conference.

Salonga told the delegates that when their sessions would begin in the latter part of the current month, the 23 member Senate would facilitate the passage of the Budget Reform Act Resolution to remove the automatic appropriation clause for the debt payment in Presidential Decree 1177.

They are now just waiting for verification by the Senate finance committee headed by Senator Neptali Gonzales of the Budget Reform Act Resolution.

Salonga also promised to persuade Governor Jose Cuisia of the CB to release the documents relating to foreign debts.

### **Non-Government Organizations Critical of Kabisig Movement**

*90SE0089B Manila THE MANILA CHRONICLE  
in English 15 Jul 90 pp 1, 6*

[Text] The formation of the Kabisig political movement has caused a proliferation of non-government organizations (NGOs).

Kabisig was formed by Malacanang and local government officials who said there was a need to "fast-track" projects through government agencies and NGOs.

Since the movement was formed, the Securities and Exchange Commission reported an increasing number of non-stock, non-profit groups asking to be registered.

Gerardo Bulatao, an expert on agrarian reform and a former DAR official, traced this to the promise of monetary opportunity.

"That is expected since government has declared that more funds shall be channeled through NGOs. Politicians and even enterprising NGOs have been aware of this," he said.

Bulatao said the implications were bad "because people start organizing on a project basis, whereas NGOs should be concerned about pursuing longer term development programs to help in the process of restructuring societies," he added.

Mainstream NGOs, those which existed long before the present administration came to power, have called the newcomers "pongos"—politically-organized NGOs.

The term is a twist on another word, "bingos"—big NGOs. These are groups which have managed to establish strong linkages overseas from where most of their funding come.

Traditional politicians see Kabisig as an attempt to usurp their powers, especially at the grassroots.

Old NGOs are similarly wary, but for different reasons. They think that Kabisig does not necessarily share their framework or principles of development work.

"Kabisig is nebulous on what it wants and what it wants to do," former agrarian reform secretary Florencio Abad told the CHRONICLE. He recently formed his own NGO, Kaisahan (Kaisahan tungo sa Kaunlaran ng Kanayunan at Repormang Pansakahan) which supports the farmers in agrarian reform.

Only a few NGOs have said they might join the movement.

One NGO, the peasant group Sanduguan, said it was interested in joining, but the coalition to which it belonged—which includes the Congress for People's Agrarian Reform and the Federation of Free Farmers—has kept quiet.

The Philippine Rural Reconstruction Movement (PRRM), a 38-year old NGO, said Kabisig "signifies nothing but the fact that the government has acknowledged its failure in its development work." If nothing else, Kabisig has sparked debate on the role of developmental NGOs.

Teresita Quintos Deles, of the Social Development Index, said that social development agencies and private organizations could be divided into four groups: people's organizations comprising grassroots sectoral; cause-oriented groups which spouse specific issues and concern; civil and religious organizations, and professional or business organizations.

In a paper presented at a meeting with the League of Governors on Kabisig, Deles said the term "NGO" was coined by the United Nations "in reference to these private sector organizations which are engaged on a full-time and formal basis in the task of bringing about the development of the people."

"Kabisig simply is an attempt to increase the government's absorptive capacity (to deliver on foreign financial assistance). NGOs, on the other hand, are mechanisms for development," a PRRM official said.

"I think Kabisig should first promote the issues of the mainstream NGOs for it to succeed," Abad said.

Ironically, while Government has become very keen on NGOs, some groups think that this has made their work harder.

PRRM president Horacio Morales said "the Government, with obvious pressure from the military, is in fact invoking the need for prior screening and accreditation of NGOs."

The military seems bent on providing its claim that some NGOs are conduits of foreign funds to the underground National Democratic Front (NDF).

"Largely because of their pro-people and anti-dictatorship character during the Marcos era, NGOs are still dubiously perceived by the government," Morales claimed.

### **Report of NPA Arrests in Cebu Towns**

*90SE0124C Cebu City SUN STAR in English  
5 Aug 90 p 4*

[Text] The invasion of oil-rich Kuwait and the brewing Mideast war have not dampened the threat of the 800,000-strong Kilusang Mayo Uno (KMU) to call a

general workers' strike should the Philippine Government allow an increase in the domestic price of oil.

KMU National Chairman Crispin Beltran yesterday said the labor federation's earlier resolution to stage mass actions still "stands."

He told local reporters Kuwait is only "one of several countries" that supply oil and that any increase attributed to the Iraqi invasion may be "an alibi" by a global cartel to hike prices further.

Before the Kuwait takeover, President Aquino had ordered a study on the impact of a \$5 increase of crude oil from \$17 to \$21 per barrel as decided by the Organization of Petroleum Exporting Countries (Opec).

Beltran said the KMU is "aware" the country is in crisis after the killer earthquake in Luzon.

But he pointed out that the government's plan for a deregulating domestic oil prices was a "political issue" to which the KMU is responding with "political action."

The KMU strongly opposes deregulation, as it warned this would cause oil prices to spiral.

The proposal is now under study by a Malacanang technical committee.

#### Plant

Beltran said cause-oriented groups are meeting tomorrow in Manila to revive the Coalition Against Oil Price Hike (Caopi) to map out protest actions and weigh recent developments. The Caopi is headed by Nick Elman, head of the KMU's national struggle commission.

The labor federation is lobbying for a "centralized procurement scheme" as an option with the aim of nationalizing the oil industry.

Specifically, the KMU wants government to strengthen the Philippine National Oil Company (PNOC) as the government's marketing arm and lessen reliance on private suppliers such as Caltex and Shell.

Beltran was in Cebu city yesterday to address an assembly of the National Federation of Labor (NFL-KMU) which held a central committee meeting.

Sen Aquilino Pimentel Jr, another guest speaker, said he was opposed to deregulation "for the moment" but said it was more important that government have a program to ensure "continuous supply" of oil in the country once it allows market forces to freely determine prices.

Pimentel warned against possible shortages and price manipulation as a result of deregulation.

#### Honasan Associate Captured

90SE0124B Cebu City SUN STAR in English 4 Aug 90  
p 14

[Text] Manila—Another rebel officer was captured Thursday in Aurora province working in his father-in-law's eatery, the military said yesterday.

Armed Forces vice chief of staff, Major General Rodolfo Biazon said Army 1st Lieutenant Paul Pompeyo M. Dario, 30, was collared by combined PC and military intelligence agents at Letty's carinderia, Barangay 4, Maria Aurora, Aurora province.

Military operatives swooped down at the eatery at 6 a.m. Thursday shortly after Dario woke up.

Biazon said Dario, a member of the Philippine Military Academy (PMA) class 1983, did not resist arrest, although he was armed with a .45 Colt pistol.

Dario, a close associate of renegade Army Lieutenant Colonel Gregorio "Gringo" Honasan, participated in two coup attempts.

#### The 18th

He joined the first coup plot in the failed 27 August 1987 putsch and also in the 1 December 1989 coup attempt.

During the last coup attempt, Dario was with a group of Army Scout Rangers under Captain Fidel Legiralde Jr who raided the Ipil detention center at Gate 1 at Fort Bonifacio on the first hours of the putsch, killing an Army guard, Corporal Marco Flores and wounding Corporal Benigno G. Aquino.

Dario was the 18th rebel officer to be captured outside Metro Manila.

Some of them were Captain Leovic Dioneda in Sorsogon, Lieutenant Colonels Romelino Gojo, Felimon Gazmin, Oscar Legaspi, Major Franklin Casipit, in Pampanga, Major Wilhelm Doromal in Bulacan, and 1st Lieutenant Felipe Sangalang in Pampanga.

During the press conference, Biazon said 89 rebel officers led by Honasan are still at large.

The military had cleared 129 others for lack of evidence, while 21 others are being tried by various courts martial, 60 more are undergoing pre-trial investigation and 156 others are still in detention (PNA).

#### KMU Strike Possible if Domestic Oil Prices Increase

90SE0124A Cebu City SUN STAR in English 4 Aug 90  
p 5

[Text] Four suspected regular New People's Army (NPA) members were arrested on separate occasions last Friday and early dawn yesterday in Carmen, 41 kms north of Cebu city, a Cebu Metrodiscom report said yesterday.



In a related development, four suspected CPP-NPA sympathizers were arrested last 3 August at about 5:30 a.m. in the hinterland barangay of Cabungaan, Catmon, a neighboring town of Carmen, according to reports reaching the PC Cebu provincial command.

Both Carmen and Catmon are mid northern Cebu towns where the local insurgency movement is active.

The four suspected NPA regulars arrested in Carmen were identified as Celso Mag-asin alias Mario, Lorianito Guiwanon Jr. alias Titing, Joselito Lagahit and Wenceslao Lagahit alias Asiao.

The Metrodiscom report said Mag-asin was on his way to Poblacion, Carmen when he was intercepted by 348th PC Company elements in Upper Matimao-an, Carmen on 3 August at 2 p.m.

A military informant, who did not wish to be identified, tipped off the military on Mag-asin's presence. Mag-asin was believed to be conducting a surveillance on the military in the area.

Upon initial investigation, Mag-asin allegedly revealed his participation in the April 1990 raid of the Composela municipal hall and police station and in the July 1987 ambush of PC-INP men in barangay Tabla, Liloan.

He identified some of his companions in the raids as Norma Aresco alias Ay-ay, Lorianito Guiwanon Jr. alias Titing, Joselito Lagahit alias Dodong, Wenceslao

Lagahit alias Siao, and a certain Bingao, Edna, Emma and Nisa all under the alleged leadership of one Teresito Capute and a certain Kumander "Tatay," "Tonio" and "Leo."

As a result of the information given by Mag-asin, the three other NPA regulars (Hukbo) were captured on 4 August at about 1 a.m. at sitio Taguini, barangay Kao-rasan, Carmen.

They were identified as Lorianito Guiwanon Jr., Joselito Lagahit and Wenceslao Lagahit.

348th PC Company elements conducted a raid of their suspected hide-out but could not find any firearms since Kumander Tatay allegedly brought these all with him before the government forces could reach the area.

In a related development, four suspected CPP-NPA sympathizers were arrested when four teams of the Bogo-based 342nd PC Company and 6th Cagay active auxiliary (CAA) attacked a rebel encampment at the boundary of sitios Santikan and Tubigan in barangay Cabungaan, Catmon.

Found in the nipa hut by government forces were Satur-dnino Aresco who allegedly had in his possession a cal. 38 revolver with ammunition; Rowen Colinares, Fernando Colinares and Rico Suday.

They are detained at the Catmon police station.

### Spokesman Cites U.S. View on Article 301

90SE0077C Bangkok MATICHON in Thai  
21 Jun 90 p 22

[Excerpts] On 20 June, Mr. Prathuang Wichanpricha, the deputy spokesman for the Office of the Prime Minister, stated that [passage omitted] with respect to Article 301, which the United States is using to retaliate against trade competitors, the United States did not mention this, because it realizes that the Thai government is sincere about wanting to solve the problems that concern our two countries. One of these problems is the matter of promulgating a copyright law and a narcotics law. As for trade results, Thailand and the United States will establish a Joint Committee to Solve the Trade Problems. This will serve as a mechanism for resolving trade disputes. This August, the United States will invest in this agreement, and the first meeting will be held in Thailand. The problems to be discussed include the matter of Article 301 and the cigarette issue. It's believed that in November, the United States will remove Thailand from the list of countries being monitored for unfair trade practices. [passage omitted]

### Chamlong Links to PRC Described During Tour

90SE0118D Bangkok BANGKOK POST in English  
5 Jul 90 p 29

[Excerpts] [passage omitted] Older people could still remember that a young member of the Low family, pressed by hardship and hunger, left Kwangleng to try his luck in the land of abundance and greenery that they had heard so much about.

On this day, they were gathered to welcome his son, returning as the Governor of Bangkok.

Maj General Chamlong Srimuang beamed as he recalled the visit to his ancestral village in Swatow, a mountainous province in southern China that is the original home of most Chinese immigrants in Thailand.

"It was a memorable moment for me. But I felt kind of strange too. I was introduced to my relatives, but we could not talk to one another because of the language barrier.

"I felt happy, all the same. Although we had never met, we immediately felt like a family. They welcomed us with open arms. It was a good feeling."

The governor made an excursion to Kwangleng during his recent goodwill trip to the People's Republic of China arranged to strengthen the relationship between the two countries. [passage omitted]

Chamlong had also learnt that he was known in the community as Rhu Jin Her in Mandarin or Low Kim Ho in Taichiew. The name was given to him by his Chinese relatives for its auspicious meaning as well as to give him a place in the family.

Rhu Jin Her means the great gold river; it may be translated into Thai as suwan maha natee.

Chamlong was told that Rhu Jin Her is no stranger in Kwangleng and even in Swatow, because it is the home province of so many Thai of Chinese descent.

"They bring us stories of those descendants who are successful in Thailand. They become famous in a way. And for the Kwangleng people, you are probably more famous than our own governor," one of the villagers said jokingly. [passage omitted]

Chamlong said he had learnt about his father's family from his aunt when he studied at the military school in Bangkok. His aunt died many years ago, and he now has no Chinese relatives alive in Thailand. His father died when Chamlong was only 2 or 3 years old.

Before leaving, Chamlong distributed red envelopes containing money to children, a Chinese tradition by which elders give gifts to the young when they first meet. In return, he was given a Chinese book on the history of the Low family, dating back 27 generations.

His relatives proudly told him of the family forebears who had made an imprint in their homeland. Among them, they said, was one of the well-known rulers in the region.

The visit to his ancestral village, Chamlong later said, has made him more proud and grateful to be a Thai.

"My relatives there look happy. They are doing fine, given the population problem there. But Thailand has given me a much better chance in life. I am lucky to have been born in Thailand."

### Trade Imbalance With Indochina

90SE0067C Bangkok SIAM RAT in Thai 12 Jun 90 p 6

[Excerpt] [passage omitted] A report from the Center to Expand Trade With Laos, Vietnam, and Cambodia, Ministry of Commerce, discussed the Thai-Indochina trade situation in 1990. It stated that the value of trade has reached \$178.8 million, a 102.1 percent increase as compared with the previous year. This figure is divided as follows: \$113.12 million, or 63 percent, with Laos; \$62.11 million with Vietnam; and \$3.75 million with Cambodia.

However, looking at the balance of trade with Indochina, Thailand has an overall trade deficit of \$20 million. Specifically, it has a \$29.55 and \$3.37 million trade deficit with Vietnam and Cambodia respectively and a \$13.12 million trade surplus with Laos.

### MP Surin Phitsuwat Comments on Gulf War Situation

90SE0117C Bangkok DAILY NEWS in Thai 7 Aug 90  
pp 1, 12

[Excerpt] [passage omitted] Must Be Circumspect in Recognizing the New Kuwaiti Government

In his capacity as the spokesman for the House Foreign Affairs Subcommittee, Mr. Surin Phitsuwat, the assistant secretary to the minister of interior, discussed the

government's attitude toward the present situation. He said that this problem is very complex. The Thai government must be very circumspect in recognizing any government in Kuwait. Also, we must look at the actions and attitude of the Gulf Cooperation Council, which is headed by Saudi Arabia. We must also act in accord with the position of the super powers and the United Nations. Iraq is a super power in the Arab world. Thailand must maintain contact in that area whether we like it or not. Thus, the government must establish an opening for the benefit of Thailand.

#### **Thailand Shouldn't Side With Anyone**

"I think that the government should remain neutral. It shouldn't side openly with anyone. It must act in accord with the UN resolution. Relying on the super powers will benefit the country. It isn't right to condemn Iraq or the new Kuwaiti government right away. We have to see what the attitude of others is. The government is taking careful diplomatic action," said the spokesman for the House Foreign Affairs Subcommittee. He added that what has happened is an internal Arab matter. Saudi Arabia will probably have to take swift action to solve this problem, because it is the country most in danger. What has happened threatens the monarchy there. Several of the monarchies in that region have been overthrown. That includes the monarchies in Egypt and Iraq. It is thought that Iraq will cooperate, because these countries gave much help to Iraq during its war with Iran. For example, the emir of Kuwait may be allowed to return to power in Kuwait if Kuwait agrees to adjust the border between Iraq and Kuwait. A joint zone could be established in the border area just as Thailand and Malaysia did. Or Iraq could be allowed to ship oil through Kuwait to the Persian Gulf. It is thought that peace will be restored in the near future. [passage omitted]

#### **Suchinda Comments on Cambodia Border Trade**

90SE0117A Bangkok *BAN MUANG* in Thai 8 Aug 90 pp 1, 20

[Excerpt] [passage omitted] A reporter asked about the opening of border trading points. [Gen Suchinda], the RTA CINC [Royal Thai Army Commander-in-Chief], said that the suppression operations haven't achieved very much. There is still much smuggling. Now that the situation has improved, the government is trying to turn the battlefield into a marketplace. He said that various sectors must hold a meeting on this. The army can't make the decision by itself. Trading activities will probably have to be monitored, or people will have to go through the checkpoints. Meetings must be held to discuss which goods should remain on the list of prohibited goods. The items sold there may prove to be dangerous. The RTA CINC said that after he returns, he will ask the officials concerned to attend a joint meeting. [passage omitted]

#### **Trade With Cambodia Increasing, Military Role in Weapons Traffic**

90SE0115A Bangkok *KHAO PHISSET* in Thai 9-15 Jul 90 pp 35, 36

[Excerpts] The fighting in Cambodia across the border from Aranyaprathet District, Prachinburi Province, which was very heavy during the dry season, has been declining in intensity since the end of April. This is because this is the start of the rainy season, when the fighting tends to die down. Now, the fighting seems to have stopped almost entirely. But things are still happening there. [passage omitted]

Even though this is a small local market and the amount of money that changes hands is not that large, trade is trade. No one can escape the system of profiting from the special privileges of certain groups. Even though they risk losing life and property, Thai merchants are willing to take the risk, because the "Thap Thai-Svay Chek market" is always profitable if everything is convenient.

#### **Khlong Luk, Nam Sai, Thap Thai, and Pla Haeng—Illegal Weapons and Gold**

There are three new markets along the Aranyaprathet border: 1. Khlong Luk Subdistrict, 2. Nam Sai Subdistrict, and Thap Thai Subdistrict. The largest market is the third market, Thap Thai Subdistrict, which is located opposite Svay Chek District in Siem Reap Province, Cambodia. The market, which is actually located almost 5 km inside Cambodia and which is just a short distance from Svay Chek, is under the control of the Heng Samrin forces based in Svay Chek. What this means is that Thai merchants have to go into Cambodia to buy goods.

A Thai merchant talked with us about trade at this market. He said that those who want to purchase goods in Svay Chek first have to contact villagers in Thap Thai Subdistrict. These people act as middlemen in ordering goods. They place the order and set the time for picking up the goods. This procedure is used by those who purchase goods there for the first time. After that, they can contact Cambodian merchants directly. Thus, the ability to speak and understand the Cambodian language is necessary to facilitate trading activities.

Most of the Thai merchants who go there are local people and people from Surin and Buriram provinces. These merchants use motorcycles as their means of transportation. About 100-150 people come to Thap Thai each time. They leave their motorcycles at the Ban Thap Thai military checkpoint. After their I.D. cards have been checked and they have received permission from the soldiers, they walk along the trail through the deep jungle to Svay Chek. On the return trip, each person carries 50-100 km of goods. The news source said that even

though the trail to this jungle market could accommodate vehicles, no Thai merchant has ever been bold enough to use a motorcycle. That's because motorcycles attract Cambodian bandits.

Eighty percent of the goods purchased from Svay Chek are fish products, including fresh fish, salted fish, smoked fish, and preserved fish, which sell for 20-40 baht per kg depending on the type of fish. By the time the fish reach Thai consumers, the price will be 100-200 percent higher. For example, smoked fish on a skewer costs 20 baht per kg in Svay Chek and is sold for 60-70 baht per kg in Thailand. Fresh mullet costs 35 baht per kg and is sold in Thailand for 100-120 baht per kg. Preserved fish is purchased for 25 baht per kg and is sold in Thailand for 60-80 baht per kg.

Other types of goods besides fish are purchased, too. This includes beef, jerky, deer meat, and other forest products. Other well-known items include cooking utensils made of iron. Other items which should not be there but which are sold there include foreign cigarettes and liquor. The news source said that those who sell cigarettes and liquor are Cambodian soldiers. These items come into the country through Kong Island.

A soldier assigned to the Burapha Force, which is stationed in Thap Thai Subdistrict, told KHAO PHISET that contraband goods are usually smuggled into the country through passes that are not checked, particularly in Khlong Luk and Nam Sai, which have more passes into and out of Cambodia than does Thap Thai. The contraband items smuggled into the country include gold and war weapons. There is a brisk trade in these items. The news source said that most of the people engaged in smuggling these types of goods are local people.

The Svay Chek fish market, which is now a thriving market, is an open-air market. It is open about four or five times a month depending on when the buyers and sellers agree to meet. Usually, it is the Cambodian merchants who set up times with the Thai merchants. One Thai merchant said that at least 200-300,000 baht worth of goods are sold each time, and the baht is used for all transactions.

As for how safe it is to go there, the same news source said that Thai officials are not responsible if anyone is injured as a result of the fighting there or if anyone is robbed. But since the market was opened, no Thai merchant has ever been hurt. The Heng Samrin soldiers protect the Thai merchants quite well. Because the more money flowing into Svay Chek, the better things are for the Cambodian soldiers in the area. Some Thai merchants have made so many trips there that they have become very close friends of the Cambodian soldiers. And some people use this friendship to purchase contraband goods and bring them into Thailand.

#### Military Customs—Honey or Forest Tiger?

The reason why soldiers allow Thai merchants to go into Cambodia to buy goods is that the market near Ban Thap

Thai is located in an area that facilitates travel and that is easy to control. Merchants go there to purchase goods. But, according to the news source, many merchants smuggle out gold and war weapons concealed among other types of goods. Thai officials do not inspect the goods very closely. They focus mainly on calculating the weight in order to collect the transit fee. From Svay Chek to the Ban Thap Thai checkpoint, the Thai merchants have to pay approximately 200-300 baht per trip at the various checkpoints. In particular, merchants from Buriram and Surin usually have to pay more than other traders, because they have to pay at Svay Chek, Thap Thai, Taphraya, Nondin Daeng, Lahan Sai, and Ban Kruat. Thus, a good knowledge of the area and trails is essential. That is, merchants try to avoid the checkpoints as much as possible even if they are carrying just ordinary cured fish.

A local military news source told KHAO PHISET that steps may be taken to control the number of Thai merchants. The number of Thai merchants going there has increased greatly. Buriram and Surin provinces are experiencing a severe drought and so people are coming to the Svay Chek market in order to earn some money. If anything happens, the military is ready to close the border immediately. But so far, there haven't been any problems. As for the illegal war weapons and gold, the news source said that the smuggling of such items is normal along the border. Aranyaprathet is the largest source. Regardless of whether the border is closed or not, war weapons and gold will flow into the country. "The issue of war weapons is a very complex issue. Every soldier here knows about this, but they don't have the right to interfere. Suppressing this is the duty of the policy."

As for collecting transit fees from the Thai merchants, the same news source said that this is like having the merchants pay compensation for the things done to facilitate their activities. He said that he has never heard of anyone experiencing problems. But merchants often complain that checkpoints outside Thap Thai Subdistrict shouldn't collect money. However, when compared with the profits earned by these merchants, the transit fees are very small, said the news source.

#### The Thap Thai Market, Tendencies and Possibilities

It is thought that trading at the Thap Thai-Svay Chek market will continue to thrive until the beginning of the cold season, which is when the next round of fighting will begin in Cambodia. Since April, at least 1 million baht worth of goods (fish, meat, and forest goods only) have been bought and sold, and the trend is for an increase in trading activities. This is because demand by Thai consumers in Prachinburi, Buriram, and Surin provinces is increasing rapidly. But regardless of how much demand by Thai consumers increases, there are sufficient goods in Cambodia to satisfy that demand. This is particularly true of fish, of which there is an abundance in Cambodia. And prices for fish are declining, because

the period July-October is a time when there is an abundance of fish in Cambodia.

It is the Thai merchants who are losing with this type of trade, because all they can do is buy goods from Cambodia. They don't have a chance to sell Thai goods to Cambodians. One reason for this is the terrain. Moreover, they have to risk the dangers of the trip to and from Cambodia. Another danger is that opening border trading points like this makes it easier for smugglers to bring in war weapons and gold. Moreover, at the border checkpoints, the Thai merchants have to pay whatever is demanded of them for the personal profit of those at the checkpoints. And government officials know nothing about this.

If a market were opened at some point along the border Ban Thap Thai-Svay Chek border so that Thai and Cambodian merchants could meet each other half way, the Ban Thap Thai fish market would become a point worth watching in the future. From what is known, Thai officials are trying to open such a market. But the Cambodians are opposed to this. They may be fearful of losing certain trade benefits. Thus, the trading activities have to be carried on in the middle of the jungle to the disadvantage of Thai merchants.

Even though the Thap Thai-Svay Chek market has little affect on the country's economy, it has a major effect politically, especially with respect to relations between the peoples of our two countries, relations which have been cut for a long time. Thus, Ban Thap Thai is now bustling with merchants and traders and filled with the sound of motorcycles coming and going. [passage omitted]

#### **Advisor Phansak Discusses Domestic, Cambodia Policy**

90SE0108A Bangkok LAK THAI in Thai 6-12 Aug 90  
pp 22-26

[Exclusive Interview with Prime Minister's Advisor Phansak Winyarat; author, date and place not given]

[Excerpts] [passage omitted] [LAK THAI] Concerning the past two years, is the prime minister satisfied with what has been done?

[Phansak] Everyone has his own image about what constitutes perfection. As for this system, I can assure you that its good points outweigh its bad ones. Why? Because this administration has had to make compromises. Having said that, people will say that the administration has compromised itself. But that is not the case. Because in a democracy, the government must make compromises to be fair to the people. [passage omitted]

[LAK THAI] The government has changed many things during the past two years. What is the reason for that?

[Phansak] Let me put it like this. If a foreign reporter came and asked me if this administration is secure or

not, I would respond by saying that it's not just governments in white societies that have the right to be insecure in a democracy. The same is true in Asean societies. In a democracy, the government has the right to be insecure, because insecurity in a democracy is security. What I mean is that the government must be right 24 hours a day. It must always try to be fair politically to the people. Thus, Asians living in an Asian society should have the right to have insecurity in a democratic society, because that is good in a democracy. That is, if the government cannot solve the major problems facing the people, the government cannot be secure, because the people won't support it. Thus, the government must respond to their needs.

[LAK THAI] In the past period, has the government responded to the people's needs?

[Phansak] I don't know. It's been two years. On the economic front, the country has exported goods worth 600 billion baht. Today, there is a need for about 500,000 more laborers just in the newly-built factories and plants that have received investment promotion. But Thailand is producing only about 300,000 laborers, which means that the factories that have not received investment promotion and the public entities that need workers have to compete for laborers.

[LAK THAI] Some people have said that the economy has not expanded in all sectors but that economic growth has been confined to just a few groups.

[Phansak] There are two lines of thought about this. One is called distribution of income, and the other is known as distribution of opportunity to earn an income working in a sector of society's production system. I don't think that I need to say much about the first line of thought, because we still haven't been able to find a structure that would enable us to distribute income directly. If someone succeeds in finding a structure that will permit direct distribution of income without destroying economic growth or ruining the need to produce, maintaining proper quality and quantity, that person will be viewed as a "savior" of the world. At present, this is where we have failed. As for the second line of thought, I think that this is the system that is presently gaining in popularity throughout the world. That is, distribution of opportunity to be a person who has work and a quality life is preferable to distribution of income. Thailand is now doing things that use this second line. We are taking steps to create more jobs. But we need to talk more about quality of life. We have to devise policies that will increase all people's incomes and improve their quality of life. We have now provided people with an opportunity to earn a secure rather than an insecure income. In the past, people grew things or took risks in the old production system. And we have given people greater choices regarding rates of expenditure or income rates. That is, we are in a system that sorts out and distributes jobs. This method increases people's incomes or increases the number of people with reliable incomes. Thus, in this system, the focus is on several dimensions.

Looking at things from one dimension, if it is seen that the income of one group has increased greatly and that the incomes of people in general have increased more slowly, the state must have revenues to provide people in general with a chance to find jobs and become a part of the labor movement so that they can bargain systematically. That is better than having Thais bargain with "lords." Bargaining with lords is like waiting for it to rain. The Development Council will soon issue a new report stating that our rate of economic growth over the next 10 years will be at least 9 percent. That is too high and makes me fearful. If that is the case, incomes can't help but increase. The next government, and I don't know who will form the next government, will have to make decisions concerning those people who can't earn incomes from farming and who refuse to work in factories. That administration will have to find a way to help those people. And it must provide help in such a way that those people do not feel that they have lost their independence or freedom. But in many societies, when the central government has provided much help, the spirit of those who have struggled hard has gradually withered. Those villages or people have become very pitiful in terms of their morale. That is one problem. Another is what to do with the revenues of the state in order to benefit people and improve their lives. This is something that must be discussed. The prime minister has raised this issue with the cabinet. The government must monitor the pollution situation and spend more money one this, because this has to do with our quality of life.

[LAK THAI] Can the government take credit for what has been done?

[Phansak] It has never been my view that the survival of the government is due to one person. The government can't determine the course of everything that is happening in Thai society. That is, the things that happen are determined jointly by the people and the government. The government provides opportunities and creates a framework for opportunity. I want to emphasize again that this administration is not responsible for all the good things that have happened in Thailand's economy. Thailand's economy has improved as a result of the coordination of things between the people and the government. We know that there are problems, but we also know what the accounts will show at the end of the year. Looking at things as a whole, it's clear that things have improved.

[LAK THAI] As for solving the Cambodia problem, many people feel that the advisors to the prime minister are playing a leading role in this matter. Is that correct?

[Phansak] No. That is not correct. I stand by what I have said regarding my duties. The prime minister is the head of the government. It is only natural that he is the leader in foreign policy.

[LAK THAI] But regarding policy on solving the Cambodia policy, the advisors to General Chatchai serve as his staff. As a result, there is greater interest in the

Cambodia problem than before. You can't deny that his advisors are playing a role in this.

[Phansak] It depends on your view. But in terms of national administration, the truth is that the head of the government must take the lead in foreign policy matters affecting our society. Thus, what has happened is not at all unusual. It can be said that the 8 years previous to this were unusual. But that depends on whether you approve or disapprove of what was done. But the present head of the government is a foreign affairs expert. He was a diplomat and served as the deputy minister of foreign affairs. Some people have forgotten that the prime minister was involved in foreign affairs issues before they were even born. Also, solving the Cambodia problem does not mean that we are solving the problem for the people of Cambodia. We are trying to solve those problems that affect Thailand. I think that most people tend to view solving the Cambodia problem in terms of who is right and who is wrong. But actually, we aren't interested in that. What we are interested in is how that problem affects Thailand. For us, the heart of this issue is Thailand. There hasn't been any change in our position on the Cambodia problem. That is, there were problems with Cambodia even before Vietnam invaded Cambodia. The Cambodian government had problems with Thailand. There was fighting along the border. But before that could drag on, Vietnam sent troops into Cambodia in order to put an end to the problem that they were having with the Cambodian government of that time, that is, the Khmer Rouge government. Thus, Thailand felt that the fact that large numbers of well-trained foreign troops, that is, Vietnamese troops, were positioned along our border posed a threat to Thailand's security. Thus, the goal of our policy was to get the Vietnamese troops out. Most people have forgotten this. The threat posed by the foreign troops in Cambodia must be reduced to an acceptable level. Cambodia must not pose a threat to Thailand, and Cambodia should not stir up trouble in the future. This is our hope, but we cannot force the Cambodians to do anything, because that is another country. Our policy must depend on two factors: (1) Has the problem been solved, and (2) are there any major countries that support our policy? The question is whether we should change our policy before or after others make changes. An important factor is that Vietnam announced that it was withdrawing its troops from Cambodia. But my guess is that there are still Vietnamese troops in Cambodia. But at what level? The United States, which is an ally of Thailand, has announced that because Vietnam has withdrawn its forces, the United States can now change its policy. That is, the United States believes that most of Vietnam's forces have been withdrawn from Cambodia. But the Chatchai administration does not believe that. We do not believe that. We have said, as has the prime minister, that it is essential to send an international inspection team to Cambodia to monitor things and report on whether Vietnam really has withdrawn all its forces from Cambodia. But that has not happened and so we haven't said anything. When people ask, we say that we don't

know. We feel that this should be done. But in return, we have been accused of espousing improper ideas. But by chance, Western super powers have now announced that Vietnam has withdrawn its forces. They have said that they now agree with our proposal. Our policy is based on reason. And today, we still feel that it is important for the United Nations to play a role in solving the Cambodia problem. We have always felt that there must be an ICM (international control mechanism) to monitor things there. And a supreme organization of some sort should be established to solve the problems. All of these ideas have now been accepted. (laughs) Everyone has jumped onto this boat.

[LAK THAI] Some people think that the reason why the United States changed its policy on the Cambodia problem is that the prime minister's advisory team was able to pass on its ideas to President George Bush through the prime minister.

[Phansak] I wouldn't go that far. The United States is a super power. It is a huge country that has huge amounts of data. They can make their own decisions. We have long advocated establishing relations with all four Cambodian factions in order to have all four factions discuss solving the problems.

[LAK THAI] Can it be said that in the past we gave attention to only three of the factions?

[Phansak] I wouldn't say that. In the present situation, I think that anyone who wants to solve this problem must talk with all four factions. Today, the United States, the EC countries, and other European countries are saying that the four Cambodian factions should establish a supreme organization. Every country wants to talk with all four factions.

[LAK THAI] There are those who say that "Ban Phitsanulok" leans too much toward Hun Sen and Vietnam.

[Phansak] That's not true. That is a vague charge. If we take the side of any country, it is Thailand. That is the most important thing. As for solving the Cambodia problem, the prime minister has said that our purpose in trying to solve this problem is to solve the problems that the fighting there causes for Thailand. We are not trying to solve their problems. We are trying to solve the Cambodia problem in order to solve our problems. My personal view is that inside Cambodia, the Cambodians can do whatever they want. It's just that whenever it becomes necessary, as in the present situation, we have to take action. And if you say that we are leaning toward Hun Sen, what you are saying is that President Bush, Prime Minister Thatcher, President Mitterrand, and Chancellor Helmut Kohl, who is in the process of reunifying Germany, all like Hun Sen. But that is not the case. In the future, people won't be able to view the world from the perspective of ideological problems. Rather, they will view things from the perspective of the structure of international economic relationships, which

will be based on neocapitalist administration and not the capitalist administration of our ancestors. [passage omitted]

[LAK THAI] During the past two years, many major internal political issues have arisen, such as the switch in positions between Mr. Banhan and Police General Praman, the invitation extended to General Chawalit to join the government, the promulgation of a social insurance law, and the revision of old laws. Has "Ban Phitsanulok" played a major role in these things?

[Phansak] No. Actually, the issue is not black or white. Whenever the prime minister asks about ordinary issues, we give our views. But the prime minister rarely asks us anything about domestic politics. And he certainly doesn't ask our views about politics within the parties. We don't know anything about inter-party politics. We were not involved in any way with the switch in positions between Mr. Banhan and Mr. Praman. Let me put it this way. How could I know the details about the relationship between the Communist Party of Vietnam and the Chinese Communist Party? That is impossible.

[LAK THAI] What about the matter of Gen. Chawalit?

[Phansak] "Ban Phitsanulok" has been coordinating things with Gen. Chawalit for a long time with respect to the things that Gen. Chawalit has been doing on the order of the prime minister. We have served as a "branch" staff to Gen. Chawalit in his effort to carry out the prime minister's orders. We served as a technical staff to him when he was still on active duty and after he was appointed deputy prime minister and minister of defense. He was very gracious toward us. Just before he resigned, he was interviewed on television and said that he had enjoyed working with us. I am delighted by the fact that such a well-known figure in Thai society, who is considered to have done an outstanding job, praised us like that. I am especially happy, and do you know why? Because from what I have heard, many people refer to Ban Phitsanulok as "Ban Phit" [house of poison]. But Gen. Chawalit did not view us like that.

[LAK THAI] Are you still in contact with Gen. Chawalit?

[Phansak] Yes, we still discuss things.

[LAK THAI] Is Gen. Chawalit still working for the prime minister?

[Phansak] I don't want to answer that. [passage omitted]

[LAK THAI] Personally, are you bored with the work that you have been doing?

[Phansak] Naturally, there are times when I become frustrated by the lack of progress on some issue. At such times, I have to get away from that particular problem for awhile in order to bring things into focus. Sometimes, people come and ask me if the government is going to change. I ask them who is going to change it. They say

"Ban Phitsanulok." But actually, we have nothing to do with such things. That is up to the prime minister.

[LAK THAI] As a former reporter, what do you think about "B.R. 42?"

[Phansak] As a senator, I have said that if the bill to revoke B.R. 42 goes to the Senate, I will be glad to vote in favor of this bill. Ban Phitsanulok is very clear on this. We have been very frank on this issue.

### **SAP Finances; Leaders' Wealth, Influence Noted**

90SE0116A Bangkok MATICHON SUT SAPDA  
in Thai 29 Jul 90 pp 22, 23

[Excerpt] [passage omitted] An important economist, Mr. Kroekkiet Phipattanaseritham, the rector of [Thammasat] University, once said that of all the political parties in Thailand, it is the Social Action Party [SAP] that has close relations with various business groups at all levels, from banks and financial institutions to large businesses, international corporations, mid-level financiers, and local financiers.

Even though it appears that MR [royal title] Khukrit Pramot, the former leader of the SAP, has gotten out of politics entirely, he is still the psychological support of many SAP members. Even today, he still owns shares in many businesses, including the Bangkok Bank of Commerce, of which he owns such a large share that this is called "Khukrit Bank."

The Sarasin family, which includes Mr. Phong Sarasin, the deputy party leader, forms the largest business group in the party. The family owns various businesses outright and owns stock in at least 16 large companies. Moreover, Mr. Phong has admitted that he serves on the board of directors of several dozen other companies that are thought to have assets of at least 10 billion baht.

Mr. Phong Sarasin plays a major role in the party because of his financial influence. He controls the votes of many northeastern MPs. There may be some groups, such as the group of Mr. Prayut Siriphanit, that are brokenhearted about the ministerial portfolios and that refuse to be controlled by him.

Police Captain Surat Osathanukhro had to leave politics because of the scandal over Burmese logs during the administration of General Prem Tinsulanon. As a result of that, his role and influence in the party declined greatly. But although he is now out of politics, it is thought that he still supports the party quietly, because a relative of his, Mr. Chawalit Osathanukhro, is still active in political circles. It is thought that this former SAP secretary general, who owns the Osathasapha (Tek Heng Yew) Company, is the major shareholder in affiliated companies with approximately 6-7 billion baht. And there are about 50 companies that are managed by relatives of his.

Except for the Maniphan Company, which is involved in rice milling activities in Ayuthaya Province, it is not

clear just how many assets or business entities are owned by Mr. Montri Phongphanit, the party secretary general. But he began playing a much greater role in the party after he replaced Police Captain Surat as minister of commerce. Today, his influence in the party is on a level with that of Mr. Phong. His wealth is reflected in the furniture and vehicles that he uses.

Mr. Chaiyasiri Ruanganyachonset plays a very quite role in the party. Even though he controls few MPs, he wields financial influence. He is better known a north-eastern godfather nicknamed Tang Hua. He is involved in business activities in several provinces and along the border. This has enabled him to keep his ministerial position.

Mr. Somchai Khunplum, or Subdistrict Chief Po in Saen Suk Subdistrict, Chonburi Province, has voiced his support for the SAP quite clearly. He is the brother-in-law of Mr. Nikhom Saencharoen, the deputy minister of communications.

As for the role played by Subdistrict Chief Po, it's said that if he supports someone, that person will definitely win a seat in parliament because of the influence that he wields in the eastern region. He is involved in many business ventures. For example, he is a liquor agent, and he has interests in a trade center and large amusement park. This does not include many other activities that he does not publicize, such as his activities as a land agent.

In addition to the businessmen mentioned above, who are involved in a variety of activities such as banking and finance, international business activities, and local business activities, the other important party members are all wealthy enough to support the party. One example is Mr. Phairot Chaiyaphon, the managing director of Thai Seri Refrigeration Group, which owes several hundred million baht to various financial institutions. Others include Mr. Nikhom Saencharoen, Mr. Amnuai Yotsuk, Mr. Santi Chaiwirattana, Mr. Subin Pinkhayan, and Mr. Prayut Siriphanit.

As for Air Chief Marshal Sitthi Sawetsila, the leader of the SAP, he does not have his own financial base of support. The reason why he was able to become party leader was that he was a neutral person who could use his prestige as a former military man to coordinate the interests of the various factions within the party.

However, the present situation of Air Chief Marshal Sitthi is not very secure. Some party administrators have gained such prestige there that there are now rumors that efforts are being made to force Air Chief Marshal Sitthi out as party leader.

The core of this group is composed of MPs who belong to the faction of Mr. Montri Phongphanit. They are exerting pressure to have the cabinet reshuffled. But the present situation does not support that and so the situation is quiet for the moment. But this is just the quiet before the fight, with the objective being the position of party leader.



**Businesses Affiliated With and That Support the Social Action Party**

Mr. Phong Sarasin, the deputy party leader: The Thai Nam Thip Company: This is a wholly owned company of the Sarasin family. Mr. Phong is the present head, and Mr. Khrit Sarasin is the managing director. The Fa Chip Company: The largest shareholder is the Sarasin family. Mr. Phong is the chairman of the board. The Siam Commercial Bank: Mr. Phong owns shares and is a member of the board. The Thai Thayibsam Products Company: The Sarasin family owns some shares. The Thai Borichotton Company: Mr. Phong owns some shares and is a member of the board. The Nippon Denso Company, Mr. Phong is a member of the board. The Honda Cars of Thailand Company: Mr. Phong owns 20 percent of the shares and is a member of the board. The Tri Phet Isuzu Company: Mr. Phong is a member of the board. The Building Materials Construction Company: The Sarasin family holds all the shares and Mr. Phong is the chairman of the board. The Sirimit Finance and Securities Company: The Sansin Company is the largest shareholder, and Mr. Klin Sarasin is a member of the board. The Thai Insurance Company: The Sarasin family owns some shares, and Mr. Phot Sarasin is the chairman of the board.

**Rachadamri Arcade, The Thai Daimaru Department Store, Sarasin**

Mr. Surat Osathanukhro, the secretary general of the party: The Osathasapha Tek Heng Yew Company is a wholly owned company of the Osathanukhro group. The Lom Damri Company is the managing company and largest shareholder. Mr. Surat is the chairman of the board. The Inter Magnam Company: The Osathanukhro group owns all the shares. The Osathanukhro Company holds 48 percent of the shares. The Premier Supply Company: the Osathanukhro Company owns 100 percent of the shares. The Premier International and the Premier Marketing companies are affiliated with the Premier group. The Sanyo Universal Electric Company: The Osathanukhro Company is a shareholder, with Mr. Suwit holding nine percent. The Shiseido Company: The Osathanukhro Company holds some shares. The Suwit-Seri Company of Mr. Suwit and Mr. Seri Osathanukhro is involved in construction and housing development activities. The Soemsuk Company: The Osathanupha Company owns holds 4.7 percent of the shares, and Mr. Suwit is a member of the board. The G.F Finance and Securities Company is a wholly owned company of the Osathanukhro group, and Mr. Seri is a member of the board. The Khum Phai Insurance Company: The Osathanukhro group owns most of the shares.

Chanthaburi Premier Supply Chonburi Premier Supply Credit Foncier General Finance Securities and Finance Company General Lit (Thailand) International Quality Assurance Laboratory Lom Damri Mass International Trading Milti Medium Siam Glass Industries Thai Fish Sauce Industries Nakhon Phing Night Plaza PM Publishing PVS Construction Etc.

Mr. Montri Phongphanit, the deputy party secretary general: The Maniphan Company: The shareholders in this company are Bunphan Kaewattana, the managing director, and Thida Phongphanit. This company, which is involved in rice milling activities, is located on more than 10 rai of land along the Pa Sak River.

Mr. Chaisiri Ruanganyachonset, an advisor to the party leader: The Tanghua Company is involved in trading activities in the northeast and along the border in Ubon Ratchathani Province. The Pathumrat Hotel, a hotel in Ubon Ratchathani Province.

Mr. Phairot Chaiyaphon, a member of the party executive committee: The Thai Seri Refrigeration Company: Owns shares together with the Phunket family. The Samut Songkhram Fishing Company: Mr. Phairot owns some shares. The Eastern Commercial Trust Company: Mr. Phairot owns some shares.

Mr. Somchai Khunplum: The Metropolitan Liquor Company: Mr. Somchai is a major liquor agent. The Eastern Hotel is one of his hotel businesses in Chonburi. Ocean Trade Center and Ocean World.

Mr. Nikhom Saencharoen: The Bang Saen Willa Company, service activities and an amusement park in Chonburi. The Baron Company, a construction and housing development company of Mr. Nikhom. This does not include his land activities.

Mr. Amnuai Yotsuk, a member of the party executive committee and the party spokesman: The Phiriyaphon Company: Mr. Amnuai is the chairman of the board. The company is involved in export activities.

Mr. Santi Chaiwirattana: The Chaiphum Yong Seng Huat Company: This company is involved in construction activities.

Mr. Subin Pinkhayan: An engineering company that is consulting on the construction of a golf course now being built jointly with several other ministers such as Mr. Montri Phongphanit.

Mr. Prayut Siriphanit: A construction company.

**Interior Minister Denies Police Buys Jobs**

90SE0115C Bangkok SIAM RAT in Thai 21 Jul 90 pp 1, 16

[Excerpt] [passage omitted] Mr. Banhan Silapa-acha, the minister of interior, was interviewed about people in the Police Department purchasing positions. He said that he is becoming interested in this matter, too. But the reports about this have all been newspaper reports. There isn't any hard evidence, and there aren't any witnesses. If any evidence is presented, steps will be taken to deal with this.

The minister of interior said that stories about people in the Police Department buying positions have been appearing for a long time. But to date, there isn't any

hard evidence of this. If there is, people don't dare reveal this. Just before appointments were made, there was talk about this. Recently, this was discussed in parliament. But no one knows which police officials were involved or whether people actually did buy positions. [passage omitted]

#### **Deputy Police Chief Admits Job-Buying**

90SE0118E Bangkok *THE NATION* in English  
20 Jul 90 p 2

[Text] A senior police commander admitted yesterday that certain police officers had bribed their way to commanding posts.

Deputy Police Director General Pol Gen Vasiit Dejkun-jorn said he could confirm that certain policemen used kickbacks to acquire highly-wanted posts.

He said the relative of one police officer had told him the man had agreed to pay Bt1 million to certain people to "buy" a police superintendent's post 2 years ago.

Without mentioning names or places, the deputy police chief said he had learned that the officer in question would have been promoted even without the bribe.

"So the officer lost the money out of his own foolishness," Vasiit said.

Vasiit was speaking at a panel discussion organized by the Public Relations Association of Thailand at the Novotel Hotel yesterday.

The deputy police chief said most police officers wanted powerful commanding posts because they could benefit from them financially.

Realizing this, the Police Department has formed a committee to carefully review annual police reshuffles but lobbying for highly-desirable posts still takes place, he said.

Vasiit added that some policemen are corrupted by the legal power they hold.

"Some policemen do not hesitate to accept bribes from offenders and when they do not receive money that way, they turn to extortion," he said.

The police general said on average, 2,000 policemen are disciplined each year for various offences and about 500 are dismissed.

Some policemen use bribes to escape being disciplined, he added.

#### **Paper Cites Police General on Department Corruption**

90SE0115B Bangkok *SIAM RAT* in Thai 21 Jul 90 p 8

[Editorial: "Clean Up the Police Department"]

[Excerpts] Police General Wasit Dechakunchon, the deputy director-general of the Police Department, gave a speech on the topic "What Can Be done To Purge the Police Department of Evil People? At one point, [passage omitted] the deputy director-general of the Police Department discussed purchasing positions. He said that positions are purchased at every level in the Police Department. The more senior and important the position, the more expensive the position. The first time, the purchase of a position "follows the channel." But after that, people try to pull strings with those who have the authority to stipulate roles. This is not confined to just a few people.

The deputy director-general of the Police Department said that some senior people may not be aware of this or they may feign ignorance of this. Obviously, the money that is paid to buy a position is not paid directly to the senior person involved. Instead, it is paid through several intermediaries. He said that people pay 1 million baht for the position of superintendent. But it's impossible to punish these people, because witnesses don't dare give evidence to the Police Committee even though everyone knows who has purchased a position. [passage omitted]

When positions in the Police Department are bought and sold, we will not have knowledgeable and talented people suited to these positions. Moreover, this leads to even more corruption. People use their positions to profit personally, because they have to obtain money to compensate for the amount they spent to buy their position. [passage omitted]

Now that this has been recognized, we hope that the Ministry of Interior and the Police Department will feel some shame and take steps to correct this. [passage omitted]

#### **Editorial Criticizes Development Plan as Boon to Rich**

90SE0117B Bangkok *SIAM RAT* in Thai 8 Aug 90 p 8

[Editorial: "Just How Fair Is the 7th NESDB Plan?"]

[Excerpt] On 6 August, two scholars who are associated with farmers walked out of the meeting held to discuss the framework of the 7th National Economic and Social Development Plan [NESDB]. Even though there was nothing unusual about that, we feel that there is something that must be discussed in order to prevent Thailand from becoming a NIC [newly industrialized country] similar to certain other countries. Because if we are bent on becoming a NIC just like them and work to make the industrial sector larger than the agricultural sector, the result in the future will be starvation. The Thai people won't have anything to eat. When that time comes, we will have to buy food from other countries. Our fertile fields will have been destroyed to serve as industrial areas and to expand service activities, such as golf courses and resorts, which are useless as far as production is concerned.

We agree with the warning given by Mr. Sen Chamrik, one of the scholars who "walked out." He said that the the people who stand to lose the most from the 7th NESDB Plan are the poor people in the rural areas and the farmers. He said that this plan focuses on expanding business. At the same time, the plan for distributing income to the poor people is unclear.

Mr. Kroekkiet Phiphatseritham, the rector of Thammasat University, is another person who has charged that the present administration is the "darling" of financiers.

In short, those scholars who know much about the poverty of the majority of the people are afraid that the nation's wealth, including both its natural and human resources, will be used to benefit just a few people. [passage omitted]

### Bankruptcy Cases Rise Sharply

90SE0118A Bangkok BANGKOK POST in English  
12 Jul 90 p 17

[Excerpt] Bankruptcy cases reaching court in the first half of this year were 45.5 percent up on the number for the same time last year, despite favourable economic growth.

Civil Court Chief Justice Thirasak Karnasuta said that in the first 6 months this year, there were 553 bankruptcy cases, involving 1,640.69 million baht, filed in the Civil Court. There were only 380 cases in the same period last year.

Mr Thirasak said the sharp increase may have resulted from out-of-date laws involved, which say any creditor can file a bankruptcy lawsuit against his debtor if the loan involved is above 50,000 baht for individuals and more than 500,000 baht for corporations.

"And the traditional fee for filing bankruptcy cases in the court is only 50 baht each," he said.

He said as the economy has grown dramatically, the loans involved have also risen.

The Bank of Thailand last week revised its forecast of the country's economic growth from between 8 and 8.5 percent to 10.4 percent this year, indicating the country's economy will continue to boom this year.

But the rise in bankruptcy cases could mean a number of businesses still face financial trouble. [passage omitted]

### Officials Concerned Over Students' Islamic Dress

90SE0118B Bangkok BANGKOK POST in English  
6 Aug 90 pp 1, 3

[Excerpts] Yala—Local teachers and education officials in Yala are worried at the increasing number of prathomsueksa female pupils switching from the official uniform to the traditional Muslim hijab garb. [passage omitted]

"The first day I saw my pupils wearing the hijab—like the kind they normally wear during the harirayaw festival—was when the school reopened for the new semester. I thought the children might not have realised that the school had reopened," a school teacher said of the 28 May situation at Ban Katong School in Village Two of Tambon Katong, Yaha District.

The school resumed class after it was closed down in a gesture of protest against the kidnap of school teacher Preecha sae Lim in Narathiwat. Preecha was murdered during his captivity. [passage omitted]

While female pupils wear the hijab, their male counterparts don white shirts and long black pants, instead of khaki shorts as stipulated by the Office of Primary Education Commission.

The teacher said all 270 pupils of prathomsueksa 1 to prathomsueksa 6 level at her school have switched completely to the dress in accordance with Islamic principles.

An informed source said the abrupt change of uniform by the pupils prompted the headmaster, Mr Prasit Meksuwan, to write a letter to the chief of the Primary Education Office in Yaha District, seeking consultation on how to deal with the problem which runs against Education Ministry regulations.

A meeting was eventually held by the teachers, the kamnan and religious teachers. It was finally agreed, as a matter of uniformity, that the girls' uniform should comprise a black veil, a long-sleeve white shirt and long blue blouse, whereas the boys would wear a white shirt and long black pants.

Assistant headmaster Mr Due Raseng Saenglaemae said it is the wish of the Muslim community to see their children in clothing corresponding with Islamic principles.

He and several other teachers had been put in a very difficult position as a result of the emergence of Muslim fundamentalism.

"As a Muslim myself, I think it is good for the pupils to follow the principles of Islam. But as a government official, to allow the children to wear their traditional uniforms is against the regulations of the Education Ministry."

He said he had noticed some changes in the community following the switch in uniform.

"Recently, the school ordered the cleaning of a well. Several villagers offered their help in a manner we had not seen for a long time," he said.

A source associated with the suppression of a radical Shi'ite movement said he suspects some Shi'ite radicals had encouraged Muslim villagers to have their children switch to the uniform.

He said some radicals involved in the Kruze mosque demonstration in Pattani had approached Muslim religious teachers to encourage the uniform changes among Muslim pupils.

Mr Yenjai Chankrachang, head of the Provincial Office of Primary Education, said teachers in the province are frustrated on how to deal with the problem and want a clear-cut instruction from the Education Ministry.

## POLITICAL

**Democratization Is Needed for Making Our Laws**

902E0260A Hanoi DAI DOAN KET in Vietnamese  
4 Jun 90 pp 1, 2

["An Opinion A Week" column by Le Khac Thanh: "It Is Necessary To Democratize the Legislative Pattern"]

[Text] In our socialist system, the law must reflect more and more fully the desire for democracy (the character that comes from the people) as a requirement having to do with the nature of this system, not only in the contents of the laws but also in the pattern of legislative activities. A lack of democratization in the process of drafting laws means it is hard for the contents of the laws to be totally democratic.

Because of the rule of bureaucratic centralism, the desire for democracy and popular character of our legal system have so far failed to express themselves fully. To practice management in accordance with the law is still underestimated, and we even have failed to raise it as a question, nor a principle that guides our national life. The desire for democracy is also lacking in both the contents of the laws and the pattern being followed in making laws. Laws are promulgated for the people, but this making of laws is for the people and not yet by the people.

Normally if the idea about the supreme power of the law is fully understood, all laws will start with a long period in which the people may make suggestions and resolutions, and discuss all matters having to do with the planned laws, particularly in regard to the basic arguments, ideas, and set directions behind such laws. On this basis, legislative experts will begin the actual drafting of bills, which is the second step. The drafted bills then are made public so as to again solicit the people's opinion, which this time will focus on their actual contents. That is the third step. When the bills are introduced for discussions and passing by the people's supreme organ of power, i.e. the fourth step, democracy is further strengthened through exchanges of views and discussions among the people's deputies.

The democratization of the legislative process in our country has recently shown some initial but not very encouraging progress because of the lack of the first step. The way we do things is to let the people contribute ideas only to a draft law which has been the centralized work of a group or an organ assigned to do it. This centralization starting from the very beginning of the legislative process has restricted both the people's enthusiasm and contributing power, for the basic matters have been decided and it would be hard to raise such matters again or differently. The outcome of this is one of these two mental states: either to stay silent to let things pass, or to react not so favorably and even to request a postponement of passing the bill so as to continue to solicit the people's opinion. In the first case (the case of the trade union bill), a series of very basic matters would fail to be raised for discussion (in this case, the first ones being the

function and role of trade unions). The idea in this bill still is to consider trade unions "the school of management" and a tool that supports the administration. With a bill that has been firmly set like that, it is impossible to avoid the silence of quite a few people who reluctantly let things pass. In the second case (the case of the Press Law), although there are quite a few major and basic matters that need clarifying, the bills fail to raise them and reaction to them is thus not very favorable.

Laws, in short, are subjective acts; as such they must conform to the requirement of the law of objective social development and historical process, and be reflected in a collective and lively manner in the aspiration of the majority of the people.

In the time to come, we will continue to promulgate more laws, including the act of amending the Constitution. We hope that the desire to democratize the legislative pattern would be greater.

**Text of Amendments to Law on Criminal Procedures**

902E0256A Hanoi NHAN DAN in Vietnamese  
12 Jul 90 pp 3, 4

["Full text" of the law to revise and supplement a number of articles of the Law on Criminal Procedures]

[Text] On the basis of article 100 of the SRV Constitution and article 34 of the Law on Organizing the National Assembly and Council of State, on 7 July 1990 Council of State Chairman Vo Chi Cong signed an order to make public the law which revises and supplements a number of articles of the Law on Criminal Procedures and was passed by the SRV National Assembly on 30 June 1990.

Based on article 83 of the SRV Constitution,

This law revises and supplements a number of articles of the Law on Criminal Procedures, which was passed by the SRV National Assembly on 28 June 1988.

Article 1: Revising and supplementing a number of articles of the Law on Criminal Procedures as follows:

1 - In articles 20, 28, 42, 159, 166, 174, 184, 191, 198, 203, 205, 217, 218, 249, and 263, replace the words, "legal rights and interests," with the words, "interests, obligation."

2 - Item 3 of article 29 on the right to propose replacement of persons conducting legal proceedings is revised and supplemented as follows:

3. Defenders: Persons protecting the interests of victims, civil plaintiffs, civil defendants.

3 - Point d, item 1 of article 62 on arresting the accused and defendants for temporary detention is revised and supplemented as follows:

d. Chiefs and deputy chiefs of public security offices at the district level; heads and deputy heads of investigative organs at the provincial and higher level; heads and deputy heads of investigative organs at all levels in the People's Army. In this case, the arrest warrant must be approved by the organ of control at the same level before it is executed.

4 - Point b and point c, item 1, and point a and point b, item 2, of article 63 on emergency arrests are revised and supplemented as follows:

b. When the victim or person present at the scene of the crime who sees with his own eyes and correctly affirms the person who has committed the crime believes it is necessary to immediately prevent him from escaping;

c. When there are traces of the crime on the person or in the residence of the persons suspected of having committed the crime and it is deemed necessary to immediately prevent him from escaping or destroying evidence.

2. The following persons are empowered to issue warrants for emergency arrests:

a. Chiefs and deputy chiefs of public security offices at the district level; heads and deputy heads of investigative organs at the provincial and higher level; heads and deputy heads of investigative organs at all levels in the People's Army;

b. Commanders of independent army units at regimental and equivalent level; commanders of border defense posts on offshore islands and at the border.

5 - Item 2 of article 68 on temporary custody is revised and supplemented as follows:

2. The persons who are empowered to issue warrants for emergency arrests as stipulated in item 2 of article 63 of this law are empowered to issue orders for temporary custody.

6 - Item 2 of article 69 on the period of temporary custody is revised and supplemented as follows:

2. If need be, the organ issuing an order for temporary custody may extend the period of temporary custody but not more than 3 days. In special cases, the organ issuing an order for temporary custody may extend the period of temporary custody for a second time but again not more than 3 days. All cases of custody extension must be approved by the organ of control at the same level.

7 - Item 1 of article 70 on temporary detention is revised and supplemented as follows:

1. Temporary detention can be applied to an accused or defendant having committed serious offenses or to an accused or defendant having committed any crimes that the Penal Code calls for imprisonment of more than a year, and when there are reasons to believe that this person may escape or obstruct the investigation and trial, or continue to commit crimes.

8 - The subhead and items 2 and 3 of article 93 on the investigative authority of border defense troops, customs, forest management are revised and supplemented as follows:

Article 93: Investigative authority of border defense troops, customs, forest management, and other organs of the People's Police Force, People's Public Security Force, and People's Army assigned the task of conducting certain investigative activities.

2. In the People's Police Force, People's Public Security Force, and People's Army, besides the investigative organs stipulated in article 92 of this law, the other organs assigned the task of conducting certain investigative activities, if while carrying out their task they discover signs of offenses being committed, have the authority: to initiate legal proceedings, to carry out initial investigative activities, and to transfer the file to the authorized investigative organ within a period of 7 days from the day the decision to initiate legal proceedings is issued.

3. The specific duties and authority in the investigative activities of the border defense troops, customs, forest management, and other organs of the People's Police Force, People's Public Security Force, and People's Army assigned the task of conducting certain investigative activities are determined by the Council of State.

9 - Point a, item 3 of article 141 on the duties and rights of the organ of control in investigative activities is revised and supplemented as follows: z a. Control the initiation of legal proceedings, initiate by itself legal proceedings in criminal cases, initiate legal proceedings against the accused and transfer the case to the investigating organ to request continuation of the investigation; directly investigate in the cases stipulated in item 3 of article 92 of this law.

10 - Paragraph 2 of item 1 and item 2 of article 142 on decision of the organ of control following conclusion of the investigation is revised and supplemented as follows:

When necessary, the chief procurator of the organ of control may grant an extension but not more than 30 days.

2. After receiving the case file, the organ of control is empowered to decide to apply, change, or cancel the measures of restraint. The time of temporary detention cannot exceed that stipulated in paragraph 1 of item 1 of this article. If necessary, the chief procurator of the organ of control may grant an extension but not more than 30 days.

11 - Paragraph 2 of item 2 of article 151 on the time for adjudicative preparation is revised and supplemented as follows:

For complex cases, the presiding judge of the court may decide to extend the period of adjudicative preparation but not more than 30 days.

12 - Article 152 on application, change, or cancellation of measures of restraint is revised and supplemented as follows:

After receiving the case file, the court is empowered to decide to apply, change, or cancel the measures of restraint. The application, change, or cancellation of the temporary-detention measure is decided by the presiding judge or deputy presiding judge of the court.

The period of temporary detention for adjudicative preparation cannot exceed the period of adjudicative preparation stipulated in article 151 of this law.

For defendants being temporarily detained, if the period of temporary detention expires on the day trial is started, the court may order an extension of this period until the end of the trial if it deems necessary to do so to complete the trying.

13 - Paragraph 1 of article 205 on persons having the right to appeal is revised and supplemented as follows:

Defendants, victims, and their lawful representatives have the right to appeal the verdict or decision in the first-instance trial.

14 - Item 1 of article 208 on the time limit for appeal and protest is revised and supplemented as follows:

The time limit for an appeal is 15 days from the day the sentence is pronounced. For defendants being tried in absentia, the time limit for an appeal is counted from the day the copy of the sentence is delivered to them or is posted.

The time limit for protest by the organ of control at the same level is 15 days and of the organ of control at a directly higher level is 30 days from the day the sentence is pronounced.

15 - Article 215 on the time limit for appellate adjudication is revised and supplemented as follows:

People's courts at the provincial level and military courts at the military region level must hold sessions to review appeals within no more than 60 days; military courts at high level, appellate courts, and people's supreme courts within no more than 90 days from the day they receive the case files.

16 - Item 2 of article 217 on participants in court sessions to review appeals is revised and supplemented as follows:

2. Defenders, protectors of interests of the persons concerned, persons lodging the appeals, persons having interests and obligation in regard to the appeals and protests are summoned to participate in the sessions. If

there are persons who are absent for legitimate reasons, the appellate boards may still hold the sessions but may not pronounce a sentence or make a decision considered unfavorable for the absent defendants or persons concerned; under other circumstances, the court sessions must be postponed.

The time limit for postponement of the court sessions as stipulated in item 1 and item 2 of this article or in articles 30, 31, and 33 of this law cannot exceed 30 days from the day the decision is made to postpone the sessions.

17 - Item 1 of article 232 on temporary suspension of a prison sentence is revised and supplemented as follows:

1. On the basis of suggestions of the organ of control or of prison supervisory boards, the presiding judge of the court that issues the decision to enforce the sentence may grant temporary suspension of prison sentences in favor of the convicted persons who are not considered dangerous, under the circumstances stipulated in article 231 of this law. Temporary suspension for adjudication in accordance with procedures for review by supervisors or for retrial must be decided by the protesting organ or by the court at the supervisory or retrial level.

18 - Item 1 of article 238 on the procedures for reducing the length of a sentence or waiving a sentence is revised and supplemented as follows:

1. The courts that are empowered to decide on reducing the length of a prison sentence are the people's courts at the provincial level and military courts at the military region level of the localities where the convicted persons are serving their sentences.

The courts that are empowered to decide on waiving a prison sentence and a reeducation sentence in the army's discipline-enforcing units are the people's courts at the provincial level and military courts at the military region level of the localities where the convicted persons reside or work.

The courts that are empowered to decide on reducing the length of or waiving other punishments, or reducing the time of challenge are the people's courts at the district level and military courts at the area level of the localities where the convicted persons are serving the punishments or undergoing the challenge.

19 - Article 247 on the time limit for protests by supervisors is supplemented with a new item 3 as follows:

3. Civilian protests in criminal cases in regard to civilian plaintiffs, civilian defendants, and persons having interests in and obligation to such cases are lodged in accordance with the law dealing with civilian court procedures.

20 - Article 265 on the time limit for retrial protests is supplemented with a new item 3 as follows:

3. Civilian protests in criminal cases in regard to civilian plaintiffs, civilian defendants, and persons having interests in and obligation to such cases are lodged in accordance with the law dealing with civilian court procedures.

Article 2: Supplementing with a number of new articles as follows:

1 - Article 42a. Persons protecting the interests of the persons concerned.

1. Victims, civilian plaintiffs, civilian defendants, and persons having interests in and obligation to a case have the right to ask lawyers, people's defenders, or other persons accepted by the investigative organs, organs of control, and courts to protect their interests.

2. Persons protecting the interests of the persons concerned may participate in the court procedures from the time the legal proceedings are initiated against these defendants.

3. Persons protecting the interests of the persons concerned have the right to supply evidences and to recommend requests; to read the case files and to take note and copy the necessary information following completion of the investigation; to attend court sessions; and to complain about decisions of the organ that conducts the legal proceedings. Persons protecting the interests of victims, civilian plaintiffs, and civilian defendants have the right to request replacement of the persons who conduct the legal proceedings, court experts, translators as stipulated in this law.

In the case the persons concerned are minors or have physical or mental weakness, the persons who protect their interests have the right to be present when the organ that conducts the legal proceedings questions to get statements from the persons they protect, and to appeal the part of the sentence and the court's decision that are directly relevant to the interests and obligation of the persons they protect.

4. Persons protecting the interests of the persons concerned have the duty to take the measures that the law calls for to help to bring out the truth in their case and to legally assist them for the purpose of protecting their legitimate interests.

2 - Article 168a: Time limit for postponement of trial.

In the case the trial must be postponed as stipulated in articles 30, 31, 33, 162, 164, 165, 166, 167, and 168 of this law, the time limit for such postponement in a court of first instance cannot exceed 30 days from the day the decision to postpone the trial is made.

3 - Article 152a: Application, change, or cancellation of the measures of restraint by appellate courts.

After receiving the case file, an appellate court has the right to decide whether to apply, change, or cancel the measures of restraint.

The time of temporary detention cannot exceed that stipulated in article 152 of this law.

For defendants being temporarily detained, if the period of temporary detention expires on the day trial is started, the court may order an extension of this period until the end of the trial if it deems necessary to do so to complete the trying.

This law was passed by the Eighth National Assembly of the SRV during its seventh session on 30 June 1990.

signed:

National Assembly Chairman Le Quang Dao

### **Text Amending 1987 Foreign Investment Law**

902E0255A Hanoi NHAN DAN in Vietnamese  
11 Jul 90 p 3

["Text" of the Law Amending Some Articles in the Law on Foreign Investment in Vietnam]

[Text] On 7 July 1990, SRV Council of State Chairman Vo Chi Cong signed an order to make public a law which revises and supplements a number of articles of the Law on Foreign Investment in Vietnam and was passed by the SRV National Assembly on 30 June 1990. Following is the full text of the Law Amending Some Articles of the Law on Foreign Investment in Vietnam.

In order to encourage and to create additional favorable conditions for foreign organizations and individuals to invest in Vietnam and for Vietnamese economic organizations in all economic sectors to expand their investment cooperation with foreign countries;

Based on Article 83 of the SRV Constitution;

This law revises and supplements a number of articles of the Law on Foreign Investment in Vietnam passed by the SRV National Assembly on 29 December 1987.

Article 1: Articles 2, 3, 5, 6, 7, 8, 10, 11, 12, 16, 25, 27, 29, 30, and 37 are revised and supplemented as follows:

1 - Points 2, 4, 5, 6, and 10 of article 2 are revised and supplemented as follows:

"2. 'Vietnamese party' is a party consisting of one or many Vietnamese economic organizations having the status of a juridical person and belonging to various economic sectors.

"4. 'Two parties' is a Vietnamese party and a foreign party.

"Many parties' is a Vietnamese party and foreign parties, or a foreign party and Vietnamese parties, or Vietnamese parties and foreign parties.



"5. 'Business cooperation contract' is a document signed by two parties or many parties to deal with their business cooperation.

"6. 'Joint business contract' is a document signed by two parties or many parties for the establishment of a joint enterprise, or a document signed by a joint enterprise and a foreign organization or individual for the establishment of a new joint enterprise in Vietnam.

"10. 'Joint enterprise' is an enterprise established in Vietnam by two parties or many parties through their cooperation and on the basis of a joint business contract or an accord signed by the SRV government and a foreign government, or a new enterprise established in Vietnam by a joint enterprise in cooperation with a foreign organization or individual on the basis of a joint business contract."

2 - Article 3 is supplemented with a paragraph added to the end of the article as follows:

"Vietnamese private economic organizations are allowed to maintain business cooperation with foreign organizations and individuals in the field and under the conditions determined by the Council of Ministers."

3 - Article 5 is revised and supplemented as follows:

"Two parties or many parties are allowed to maintain business cooperation based on their business cooperation contract, such as to cooperate in production and distribution of products and in other forms of cooperative business.

"The objects and contents of business, interests, obligation, and responsibilities of each party and the relationships between the parties are agreed upon by them and are detailed in their business cooperation contract."

4 - Article 6 is revised and supplemented as follows:

"Two parties or many parties are allowed to cooperate with each other to establish a joint enterprise.

"Joint enterprises are allowed to cooperate with foreign organizations and individuals to establish new joint enterprises in Vietnam.

"Joint enterprises have the status of juridical persons in accordance with Vietnamese laws."

5 - Article 8 is revised and supplemented as follows:

"The share of capital contributed by a foreign party or by foreign parties to the capital set by the law of a joint enterprise is not limited by any ceiling by agreement of the parties concerned but should not be less than 30 percent of the capital set by the law.

"For the multiparty joint enterprises, the percentages of minimum capital contributions by each foreign party and each Vietnamese party are to be determined by the Council of Ministers.

"The value of the share of capital contributed by a party is determined on the basis of the currency values in the international market and is recorded in the document establishing the enterprise in either Vietnamese or foreign currency, with agreement of the parties concerned."

6 - Article 12 is revised and supplemented as follows:

"The organs assuming the leadership of joint enterprises are boards of directors.

"Parties designate their people to join boards of directors in accordance with a percentage commensurate with their share of capital contributions made to the capital of joint enterprises as set by the law.

"In the case of a two-party joint enterprise, each party has at least two members serving on the board of directors.

"In the case of a multiparty joint enterprise, each party has at least one member serving on the board of directors.

"If in a joint enterprise there are one Vietnamese party and many foreign parties, or one foreign party and many Vietnamese parties, the Vietnamese or foreign party has at least two members serving on its board of directors.

"Chairmen of boards of directors are appointed by mutual agreement by all parties.

"Directors general and deputy directors general are appointed by boards of directors to direct the daily activities of enterprises and are responsible to the boards of directors for such activities.

"Directors general or first deputy directors general are Vietnamese citizens."

7 - Paragraph 4 of article 16 is revised and supplemented as follows:

"Wages and allowances of Vietnamese laborers are payable in Vietnamese or foreign currency withdrawn from a bank account of the enterprises."

8 - Paragraph 1 of article 27 is revised and supplemented as follows:

"Depending on the field, location, and size of the capital investment; the volume of export goods; the volume of goods replacing the essential imported goods, which are not yet produced domestically or are domestically produced in insufficient quantities; and the nature and time of their operations, the state organ in charge of foreign investment management can exempt joint enterprises from paying income tax for a maximum period of two years starting from the year in which their operations begin to be profitable and reduce by 50 percent their income tax for a maximum period of two subsequent years."

9 - Article 29 is revised and supplemented as follows:

"Enterprises having capital invested abroad and foreign parties doing cooperative business on the basis of contracts on using Vietnam's land and water and sea surface areas must pay rent; in the case they exploit Vietnam's resources, they must pay resources tax."

10 - In articles 7, 10, 11, 25, 30, and 37, the words "two parties" are replaced by the (plural) word "parties."

Article 2: The Council of Ministers is to revise and supplement the documents that detail the execution of the Law on Foreign Investment in Vietnam in conformity with this law.

This law was passed by the Eighth National Assembly of the SRV during its seventh session on 30 June 1990.

signed:

National Assembly Chairman Le Quang Dao

### **Party Leadership of Press Requires Renovation**

902E0247A Hanoi DAI DOAN KET in Vietnamese  
No 25, 19-25 Jun 90 p 3

[Article by Luong Duyen Tam: "Seminary of Midland and Central Highland Newspapers: Renovating Party Leadership of the Press"]

[Text] In Sam Son, Thanh Hoa Province, a seminar of midland and central highland newspapers has been held. In the severe heat of the midland summer, the representatives enthusiastically discussed many substantive and ticklish issues: How should party leadership of the press be renovated? What should be done for newspapers to reach the readers? Are anti-negativism articles overdone? What is the relationship between newspapers of the central government and local areas?

In his opening statement, the editor-in-chief of THANH HOA newspaper, the unit hosting the seminar, asserted that in Thanh Hoa, activities of the press (comprising both central and local newspapers) have effectively contributed to the renovation process. By its own activities, the press has uncovered many fine aspects and new factors. The struggle against negativism in the press has publicly exposed opportunistic, degenerate and deviant cadres.

The Quang Tri newspaper representative stated that party leadership of the press is a principle requiring no debate. However, what kind of party leadership? Party committee members must understand the Press Law before they can criticize the press. In his local area, an occasional phone call is received stating not to print this or that article. However, the newspaper remains steadfast to the principle that opinions of individual standing committee members are used only for consultation, and the newspaper only implementing written directives

passed by the Standing Committee of the Provincial Party Committee through the Department of Propaganda and Training.

He mentioned a number of difficulties of journalism at the present time. If not firm, corruption could easily occur. There are directors ready to pay a million for withdrawal of a critical article by the editor's office.

The LAM DONG newspaper representative said that an editor-in-chief must have full authority on whether to print an article or not. In his local area, an occasional surprise phone call is received. Some party committee members have never read the Press Law but still criticize the press in accordance with their subjective opinions.

The QUANG NAM-DA NANG newspaper representative suggested that editors-in-chief be assigned full decision authority. According to him, this was only an expression of democracy and only by doing so could journalistic creativity be developed. He mentioned the great concern that few people read provincial party newspapers. This is a great waste. Party newspapers are extremely dry, occasionally consisting entirely of positions and policies. Some hear about party newspapers and are reluctant to read them! According to him, newspapers must be good and be appealing before they attract readers, and only in that way can party positions reach the people. To achieve this, editors-in-chief must have high cultural and journalistic standards.

The GIA LAI-KONTUM newspaper representative stated that his local area recently had many negative occurrences but they were exposed by central newspapers. Was this because the local newspapers didn't know about them? No, they knew but were restrained and dared not speak.

If the press is simultaneously a rostrum of the masses, it is necessary according to him to also accept voices of "noncompliance" (naturally with clarification between right and wrong). Publication of "contrary" opinions for discussion and argument is not anti-party. It is also requested that the party not hurriedly consider that this or that newspaper "has a problem" if it raises issues for debate that are thorny but of truly pressing concern to the country. Party committee echelons should not be hasty to complain but should hold honest and straightforward discussions with journalists and assist them in understanding right and wrong.

The THANH HOA newspaper representative said that some recent opinions are that too many anti-negativism articles in the newspapers are confusing and discouraging readers by this dark view of society. However, he also stated that our party is presently losing prestige simply because of degenerate, deviant and corrupt individuals. Our "attacks" on this group have not gone anywhere. So, why should there be fear of too many?

A great many straightforward, substantive and beneficial opinions were presented during the seminar. Apparently everyone agreed that party leadership of the press is

essential but, for newspapers to effectively develop, the leadership mechanism must be renovated consistent with the situation at the present time.

## MILITARY

### Problems at Military Region 9 Training Center

902E0263A Hanoi QUAN DOI NHAN DAN  
in Vietnamese 2 Aug 90 p 2

[Article by Ngoc Nien: "Military Region 9 Recruit Training Center: Quality of Training Still Low; Anti-desertion Efforts Receiving Excessive Attention; Insufficient Investment in Political Education, Conscientious and Strict Discipline; Quality of Recruits Too Low"]

[Text] The recruit training session at the Military Region 9 Training Center has ended and training results were not high. There are many reasons but foremost and worthy of the greatest attention is that units had to concentrate much more time and energy on anti-desertion efforts than they did on training. During this session, deserters in the unit accounted for only 3.64 percent of the total. If the desertion rate at the training center is compared with other units, the figures are not high. However, they are still not a pleasant thing. Although the recruit desertion rate is lower, it is still something of concern.

Disciplinary management, maintenance, education, and training at the Military Region 9 Training Center, besides strictly complying with army orders and regulations, are also applied by many severe measures and forms; with extremely strict administrative methods and even a lack of culture and some occasional brutality. Throughout the training period, the soldiers are in a constant state of uneasiness and tension. Along with this strict control, living and messing conditions are imperfect, affecting the thoughts and responsibility of the men.

We believe this process of disciplinary education and training is unacceptable. Are the command cadres aware of this and why does the situation exist? In an exchange of opinions with us on this issue, Senior Colonel Nguyen The Van, Deputy Division Commander and Chief of Staff, replied: "We never wanted to use these methods but were forced to because if not, the men would desert and we would not complete our mission."

The desertion and return home of recruits is also negatively affected by their families. A number of families not only fail to encourage their sons to calmly serve in the army but spoil and protect them when they desert. These actions are not strictly handled by administrations and mass organizations in the local area.

The lax discipline of a number of soldiers, not initially resolved by educational efforts, forces the unit to use harsh measures. Good soldiers must share the same fate. A tense atmosphere not only envelops the men but also causes the cadres extreme fatigue. Excessive management investment leads to limited training results. For

example, because cadres must stand guard at night to control the troops, and by day must fulfill every responsibility, they are tired, remiss in their work, etc.

The situation above indicates that the low recruit desertion rate here is due to extremely strict control. Therefore, after training ends, arrival at their new unit is an opportunity to desert for soldiers lacking strict discipline. This is one of the reasons for the desertions presently occurring in a number of units. The reality above also reveals the serious deficiencies of recruits at the present time.

The failure of soldiers to conscientiously comply with discipline or calmly fulfill their military duties, causing training quality to decline, is an overall concern at this time that is adversely affecting the combat strength of the army. Besides the poor education and control by cadres and impoverished living conditions for the troops, a no less decisive problem is poor recruiting.

During a recent phase of recruit acceptance, from the very moment of delivery, the Military Region 9 Training Center had to return 27.82 percent to the local area. Of those returned to the local area due to insufficient standards, 18.6 percent were for health reasons, 4.94 percent were illiterate, and 1.01 percent were too old, while the remainder were underage, lacked political qualities, were welfare policy recipients, sent as replacements, etc.

According to Nguyen Trung Tuyen, Chief of the Division Mobilization and Organization Section: Despite inspection, screening, and immediate return from the very movement of delivery and acceptance, training reality increasingly reveals substandard "inflow" quality. Through actual investigation, we have noted serious violations by a number of local areas in complying with youth recruiting directives.

According to a Council of Ministers directive, illiterate youths are not eligible for enlistment. In reality however, many local areas guarantee falsified norms to meet quality standards. This seriously restricts the quality of training. During the organization and training process, the theoretical portion must be virtually suspended, with primarily use of teaching aids. Inspections must also be conducted only through drills. A number of compulsory theoretical themes must be read by squad leaders with the men repeating after them from memory.

Cases of falsified personal histories and replacements are not few. Through actual investigation of recruit quality in the Military Region 9 Training Center, we noted that a number of local areas have intentionally failed to properly conduct recruiting in accordance with the Council of Ministers directive. An undemocratic and unfair situation with arbitrary selection of individuals solely to satisfy norms is becoming prevalent in a number of localities. This problem has been mentioned and recalled a great deal but no changes have been seen. After each troop delivery, local areas need only deliver sufficient numbers to breathe easily. This is the situation

leading to the desertions above. The problem is becoming increasingly serious as those who desert and return home are not prosecuted. Some localities do but only by very extremist measures. Occurrences in which a returning deserter only has to pay a bribe or fine have greatly affected those still in the ranks. Prosecution lacking severity and negative occurrences in recruiting have not only affected soldiers but have also directly affected the ideology and feelings of each soldier's family. In a number of local areas, not a few cadres have disregarded law and justice, creating great displeasure among the people. We wish to cite a fairly typical example of this issue: In Huu Dao Village, Chau Thanh District, Tien Giang Province, a serious violator of the military draft law is Chairman Nguyen Van Thang. Chairman Thang openly accepted money from two youths resisting military draft orders, Ngo Van Hoai and Thai Van Thanh, and from a deserter, Vo Van Chien.

The situation above, whether dealt with or not, is contrary to the law. If the extremist measures as well as lack of responsibility in a number of local areas are not strictly prosecuted under the law, the situation will surely become grave. Once "inflow" quality is not thoroughly prepared precisely in accordance with standards, the training discipline and quality situation will fail to meet requirements.

#### **Educating Soldiers To Alleviate Desertion Problem Discussed**

902E0240B Hanoi QUAN DOI NHAN DAN  
in Vietnamese 21 Jun 90 p 2

[Article by Le Mau Lam]

[Text] Today, desertion in a number of units is a problem that must be given attention. In some units such as M10 and H5, the desertion rate is 10-15 percent, and in a few units it is as high as 40 percent. In the past, most of the deserters were from cities, but now they also come from such provinces as Nghe Tinh and Binh Tri Thien.

In talking with the commanders of various units, many people said that the reason why many soldiers have deserted is that the quality of the military training in the localities is poor, and the lives of the troops are very difficult. Others said that today's soldiers have a poor concept of the task of defending the fatherland. The conclusion given today's situation is that it will be difficult to overcome this situation.

As for the cause of this situation, a number of articles have appeared in QUAN DOI NHAN DAN. Here, I will discuss teaching people a concept of defending the fatherland and mention several measures that a number of units and localities have used to put a stop to desertion.

#### **From a Lesson on Quality, Soldiers in Group B25**

It must be admitted that in the present situation, the targets and ideals of some youths have faded. A number

of youths who do not meet the standard for quality have managed to join the army. Even though units have given attention to this and provided them with training, because they lack a concept of responsibility and duty and have refused to mature, they have deserted and abandoned their tasks. Reality shows that such soldiers account for a small percentage of the soldiers in almost every unit. Group B25 and Unit B63 undertook a pressing combat task at a time when the majority of the soldiers were in their first year or in their final year, in preparation for leaving the military. And the families of many of the men were in dire straits. Prior to that, the ideological situation in the units had undergone complex changes. A rather tense debate had broken out in the units: Should the troops be told what the tasks were? Many people said that if the troops were told the nature of the tasks, they would desert and that if they were given passes, they would not return. In reality, when the leaders and commanders of the group explained the tasks to the soldiers, the men manifested readiness. The unit commanders decided to allow the men to go on leave, and almost all of the men returned to duty on time. Some of the men who were left behind to look after the camp avoided having to go into combat. Many demobilized soldiers living in Hanoi wrote letters volunteering to stay behind and carry out tasks. The main lesson to be learned from the experiences of Group B25 is that the depth of education has to do with building confidence and correctly evaluating the revolutionary nature of the masses.

The soldiers here have manifested the quality of soldiers. They have constantly been ready to carry out every combat task and undergo every hardship assigned them by the military and people. That is the wonderful tradition of our army during the past 50 years. This tradition has been maintained and continues to be manifested.

#### **Overcoming the Problem of Desertion in Unit S6 and the Ben Hai Artillery Group**

Unit S6 trained 200 new recruits in conditions in which it had to organize operations to move the camp. The living conditions of the cadres and soldiers were very difficult, but during the training, no one deserted. The point here is that the unit constantly gave attention to solidifying the relationship between the cadres and the soldiers. The commanders did not treat the soldiers roughly or swear at them (which is one of the reasons why soldiers in some units desert). Carrying on operations and living in very difficult conditions, the relationship between the cadres and the soldiers was always tied to the relationship between the party members and the masses. Not content with just mobilizing soldiers, the unit gave attention to their living conditions. The best conditions possible were created to enable the soldiers to complete their tasks. When the soldiers lacked beds, the regimental commander voluntarily slept on the ground and gave up his bed to a soldier until new beds could be procured. At Detachment 2 that night, a soldier came down with a fever. When the company commander learned of this, he personally looked after the soldier

throughout the night. This act by the commander was witnessed and noted by soldiers in nearby beds. That was the main reason why they abandoned their idea of deserting that night. At Unit S6, even though living conditions are very difficult, the unit has constantly worked to create a close relationship between the cadres and soldiers. This is the main reason why the troops are close to the unit.

As for the Ben Hai Artillery Group, in the past its desertion rate was high, usually 5-15 percent. In 1989, when accepting troops, the unit went to the localities 15 days in advance. The cadres were charged with maintaining the quality of the new recruits throughout the training period. The unit's cadres penetrated deeply into the people and visited the families of the men to learn about the quality of the men and, together with medical cadres, determine their physical condition. In 1989, when accepting recruits, the unit discovered things promptly and recommended to the Military Draft Council that it give waivers to 10 men who did not meet the quality and health standards. At the same time, understanding the family circumstances of the soldiers helped the unit's cadres stipulate measures, coordinate things closely with the families and local authorities, and educate the recruits. Based on evaluations of the soldiers on a weekly and monthly basis, the unit was able to report the work situation of the men to their families and to the localities. Based on this, the village authorities, families, and union organizations sent presents and wrote letters to encourage the men. The unit and localities coordinated things closely in order to educate the soldiers, and the soldiers constantly received educational effects from many directions. With the model of a school and family, the coordination of the educational activities between the unit and the rear area at the Ben Hai Artillery Group achieved results. In 1989 and 1990, after recruiting troops in the locality, while the desertion rate in other units was approximately 10 percent, in the Ben Hai Artillery Group, the desertion rate was less than 3 percent.

#### Responsibilities of the Localities

The large number of desertions in a number of units affirmed that both the units and the localities were responsible for this. Thus, to overcome this situation, both the units and the localities must play a role in solving this problem. Above all, each unit must manage the recruit training well and create the best conditions possible to ensure that the men fulfill the tasks. The units must coordinate things closely with the localities in order to educate the soldiers. Each locality must promote propaganda and educate activities, improve the quality of the recruitment, and do a good job in implementing the military rear policies. At the same time, they must generate positive public opinion, have a clear attitude about the loss of democracy and equality in carrying out the Draft Law or when soldiers desert. This is essential. Reality in Ba Hien Village in Tam Dao District, Vinh Phu Province, has shown that for many consecutive years, the village has done a good job of implementing

the military rear policies and given attention to the men leaving and returning. In the case of those who have left to fulfill their obligations, if their families encounter difficulties, the authorities and people have provided help. In particular, there has not been any unfairness in fulfilling obligations based on the idea that "studying is for the sons of mandarins, fulfilling obligations is the task of the children of ordinary people," which is what happens in a number of other places. The village's key cadres and party members have constantly set examples by motivating their own children to fulfill their military obligations. Because of this, since 1986, the village has always fulfilled or exceeded the troop recruitment norms. More than 200 village youths have fulfilled their tasks, and not one has deserted.

## ECONOMIC

### Comments on Creation of Ho Chi Minh City Stock Market

902E0237A Ho Chi Minh City SAIGON GIAI PHONG  
in Vietnamese 12 Jun 90 p 1

[Article by Le Tien Tuyen: "Initial Beginnings Toward Creation of a Stock Market in City"]

[Text] Editor's note: Within the background of economic system and activity renovation, more and more kinds of stock economic organization (banks, corporations, and enterprises), and forms of raising and investing capital have appeared. The share buyer or capital investor is issued various documents of value (stock certificates, bonds, dividend vouchers, etc.) that may be used to divide up dividends and their ownership may be ceded to another. A market for buying, selling and exchanging stock certificates and bonds has sprouted. Should an official stock market be operated by the state? We wish to present a present reality for the consultation of responsible sectors and business and production circles.

#### A Market Exists for Transferring the Ownership of Certificates of Value

Various forms of stock corporations, enterprises and economic organizations have long existed but their most apparent manifestation since the city's liberation has been the emergence of the Saigon Industrial Trade Bank. The bank's initial shares had a denomination of 50,000 dong each and were openly and widely advertised for sale to all prospects. After two years of operation, the Saigon Industrial Trade Bank earned a fair profit. Besides an annual dividend division, a shareholder congress of the Saigon Industrial Trade Bank decided to increase the value of each share by five times (250,000 dong). Following the Saigon Industrial Trade Bank, many other stock banks have recently appeared such as the Vietnam Export-Import Bank, a number of precinct-level banks, etc.

In production, various forms of stock enterprises appeared fairly early. Looking back nearly eight years, we encounter a shareholder enterprise model full of persuasion. It is the city's Pharmaceutical Drugs Enterprise. With initial capital of state and individual shares

equalling 6,750,000 dong, the enterprise operated efficiently, repaid the interest, collected and paid state taxes and returned dividends of 998,507,635 dong (295 times the original investment). During last year alone, the enterprise paid a monthly dividend of 19.47 percent. These are high-value shares and shareholders admit their luck in investing in such an efficiently operating economic organization. Profit returns are high and the capital multiplies. For one reason or another, if a shareholder wants to transfer ownership, the shares are purchased at a price many times higher than the initial value. Buying and selling is also extremely easy as a person with shares must simply transfer them by hand to a buyer (unlisted shares), or have the stock economic unit confirm the transfer (listed shares). The increasing emergence of stock economic units has spawned a share buying and selling market. A positive aspect of this issue is that foreign capital sources encouraged to enter a number of economic organizations have produced new value and supplied a source of supplementary finance outside the banking system for an economy in which capital and cash shortages have been a chronic illness.

A stock market may be considered a location for organizing the buying, selling and exchange of establishment and operating capital stock certificates, credit vouchers, government bonds, bills of exchange, debentures, etc. We still have no official market for these transactions. However, because the state has not exercised close supervision, many negative signs have arisen.

Many production and business units, taking advantage of state policy to mobilize the capital of many credit cooperatives, have issued many kinds of debentures and credit vouchers with no buyer knowledge about unit operational nature. Buyer losses have occurred. For example, the Bay Hien Credit Cooperative fell into a situation in which disbursement ability was lost due to capital losses, and loan capital could not be recovered because loans could not be used as collateral. This credit cooperative should have been liquidated and dissolved (especially with the present background in which the city is rearranging credit units). However, Bay Hien Credit issued deposit certificates and shares. A depositor one day became the subject of a precinct investigation the next. Anyone with assets deposited in the cooperative was considered wiped out. Confronted with the plundering activities of a number of credit cooperatives and privately operated units with capital mobilization, many people dumped their certificates to rescue a portion of their money. Some units advocated the purchase of certificates at a price up to 30 percent lower than the initial value. They gained in two aspects: both in buying back the certificates at a low price, and in avoiding the payment of capital dividends. Without control or prompt measures, surely this "surreptitious" market will cause many serious consequences.

### **An Official Stock Market Operated by the State Should Be Created**

In our city, there are many indications of the need for establishing a stock market. First of all would be its important effect on the national economy: thanks to an ability to attract foreign capital into beneficial economic circulation channels, and to further increase production capability. A stock market would bring a new kind of investment which, despite risks, would be an opportunity for higher interest than depositing funds in unclear economic organizations. On the other hand, a stock market would attract available capital without the need for additional market distribution of various types of credit and would therefore assist in restricting sources of inflation. In the long term, a stock market would create a means for evaluating corporation and enterprise management abilities; assist in attracting foreign capital; become a useful means for capital supply and distribution; create conditions for the people to select a means of saving, and subsequently allow the people much greater participation in economic activities.

Recently, the Council of State promulgated the Vietnam State Banking Regulations, including the stipulation, "The State Bank will coordinate with the Ministry of Finance in organizing a stock market consistent with stipulations of the law." Because they are included in the Banking Regulations, credit cooperatives and financial corporations have fairly specific provisions for the operating conditions of credit organizations. It is believed the currency market will have many new points, limit negative aspects, and develop many strengths to assist in developing the national economy.

### **Urgent Need To Solve Socioeconomic Problems**

902E0248A Hanoi NHAN DAN in Vietnamese 2 Jul 90  
pp 1, 4

[Editorial: "Concentrate Efforts To Resolve Urgent Socioeconomic Problems"]

[Text] During the first six months of the year, economic work continued to develop following the positive course of last year. Agriculture continued to supply sufficient grain for consumer requirements and a fairly high level of exports. Industry continued its rearrangement process along a course of increased quality and efficiency; and confronted by new challenges, many primary level units overcame difficulties for continued advancement. Export value increased at a high rate, and foreign investment capital continued to grow. Currency and prices remained generally at a relatively stable level. Attained within an international background evolving along a course unfavorable to our country, these achievements once again confirmed the positive development course of renovation under party leadership.

However, along with the existing difficulties we are still unable to overcome, new problems have created additional new difficulties of a complex and strongly changing nature. Agriculture is short of fertilizer; and a

situation of "blank check" contracts and land disputes is prevalent in the rural area. The production of many primary level industrial units, especially local industry and handicrafts, is being stagnated by backward technical regulations, poor product quality, high costs, difficulties in the foreign consumption market, and the headlong entry of foreign imports. State-operated commerce and marketing cooperatives are in a decline both in wholesale and retail sales density; and state-operated commerce is not maintaining a supervisory role in the social market. While state-operated business facilities are lacking in effectiveness, many primary level economic units outside state operation are "bursting forth" in an excessive manner with many operating outside the scope of legal control; and a situation of broken credit is occurring in many locations. A conspicuous problem is the worsening situation of the state budget with severe shortfalls accompanied by restricted expenditures in useful work activities and essential projects; and because expenditures in many locations are not for the proper objective and are wasteful, the budget deficit is fairly large. These difficulties adversely affect production and life, and threaten completion of the plan for the entire year.

Continuing to develop the positive aspects while simultaneously and promptly resolving newly arising problems are urgent and immediate missions in order to continue and maintain political, economic, social, security and national defense stability, and to promote renovation in all areas. In the new situation, self-reliance must also be upheld, expressed first of all by special attention to exploitation of domestic resources while attracting increasingly greater amounts of foreign capital to the nation's economic development.

Shortages of capital, prevalent throughout the nation and every unit, increasingly demand the use of available capital to achieve high results; not permitting capital shortages to occur in equipment renovation and production material imports while using capital to build imposing reception buildings and offices; or shortages of

capital in the payment of worker salaries while having capital for wasteful spending in the stores. Extreme emphasis must be given rational use of foreign exchange for the development of major economic programs, not permitting shortages of foreign exchange for importing fertilizer, insecticides and industrial supplies while having foreign exchange for foreign cigarettes, beer and expensive automobiles. We continue to promote importation of essential goods for production and the people's lives but each independent and autonomous nation must have a policy for protecting domestically produced goods, encouraging the people to use domestic goods, and providing incentives for the production of products to replace imported goods.

Economic policy is always closely connected with social policy. Major social problems can only be completely resolved on the basis of a developed economy and a progressive social political system. However, with the socialist political system in our country, if the correct methods are used, conditions still exist for developing to a certain degree those problems arising in society such as employment, relatively uniform development between regions, additional concern for the lives of those having merit with the nation, retirees, the elderly, women and children, etc. To resist corruption is to correctly answer the wishes of the people, and is an important economic problem and a burning issue in achievement of social equality. These are things for which no need exists to wait for a developed economy to achieve.

In life, there are specific but extremely important problems dealing with socioeconomic activities. These are fertilizer for agricultural production, capital for industrial production, a consumer market for the goods produced, a protective policy for domestically produced goods, ensuring full collection of receipts in accordance with policy, etc. Joint efforts by the central government and local areas to properly resolve these specific problems will partially alleviate the difficulties, lead the economy into harmonious development, and ensure completion of the state plan for the entire year.